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BELFAST TALKS — Sinn Féin's delegation leaving the Stormont Parliament on Friday after their first meeting with British officials. From left: Sean McManus, Siobhan O'Hanlon, Martin McGuinness, Lucinda Ebratnach and Gerry Kelly. Both delegations described the historic session as useful. Page 2.

Europeans Back Off On Bosnian Pullout

Allies Fear Withdrawal Would Lead To U.S. Air Strikes and Wider War

By William Drozdiak
Washington Post Service

ESSEN, Germany — The European allies backed away Friday from threats to withdraw their peacekeeping forces from Bosnia after realizing that such a step could accelerate efforts by the United States to lift the arms embargo and launch air strikes against rebel Serbs.

After evoking the prospect of a rapid pullout of the 23,000 UN troops in Bosnia earlier this week, France and Britain concluded that such a move might revive what they believe is the disastrous American option of "lift and strike."

Both nations fear that a pullout would precipitate a major crisis with Russia, a

European Union leaders seek more money for cross-border transport. Page 4.

wider conflagration in the Balkans and a possibly fatal breach in the Atlantic alliance, senior officials said.

The U.S. secretary of defense, William J. Perry, said Friday in Washington that American participation in any such operation would be a "combat operation" in which U.S. troops would be prepared to use "overwhelming force." (Page 4.)

The reassessment by France and Britain, which maintain the two largest troop contingents serving with the UN force in Bosnia, came as the 12 leaders of European Union governments opened a summit meeting here in the heart of Germany's rust belt.

Although it was intended to approve a new strategy to embrace former Communist states in central and eastern Europe, the agenda of the meeting has been overtaken by the ominous turn in Europe's bloodiest conflict since World War II.

The European leaders welcomed the Clinton administration's promise to contribute up to half the troops necessary for an evacuation of the UN force. NATO military officials estimate that the total number of soldiers in such a rescue operation could be 20,000 to 25,000, although some estimates have gone as high as 50,000.

But French and British officials said they feared that once the Americans led a possibly perilous mission to extricate the UN peacekeepers, the United States would feel fewer constraints about lifting the arms embargo to help the Bosnian Muslims redress the balance and employing broader, hard-hitting air strikes against rebel Serbs.

The NATO secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN operations under the stringent conditions imposed in Bosnia.

In the past, the United States has accepted European arguments that tougher Western action against the Serbs would provoke reprisals against their peacekeepers on the ground. The United States has

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New Partners Jointly End Ukraine's Nuclear Era

By Jane Perlez
New York Times Service

DNEPROPETROVSK, Ukraine — In the heart of one of the former Soviet Union's largest missile factories, rocket scientists who once built nuclear weapons aimed at the United States are destroying them with the help of Americans.

In the main building, a dilapidated brick structure where the portraits of pioneering Soviet space scientists hang like deities, U.S. defense contractors work alongside Ukrainian engineers to build a new plant for vaporizing the last drops of rocket fuel from SS-19 missiles.

What American officials are calling unprecedented cooperation at the Yuzhmash plant is a result of nearly three years of coaxing by Washington to persuade Ukraine, the world's third-largest nuclear power, to give up its weapons.

The Ukrainian Parliament overwhelmingly approved the country's accession to the Nuclear Nonproliferation Treaty in mid-November after a stirring speech by President Leonid M. Kuchma, a rocket engineer who used to be the top manager of the Yuzhmash plant. The vote opened the way for Ukraine to renounce its nuclear status formally.

Here at the factory, 250 miles (400 kilometers) southeast of Kiev, 60-foot aluminum shells from seven SS-19 rockets lie on their sides like giant empty canisters in a weed-strewn yard. Hauled here by train from a missile site, they will be the first of 130 SS-19s to be cut up when the completed plant starts up next year.

To see one's life work end up on the chopping block is hard for men like Gennadiy Shevchenko, 57, a ruddy-faced specialist who toiled for years in top secrecy over rocket engines and satellite systems.

"As an engineer, I feel sorrow," he said. "A lot of brains, a lot of ideas, a lot of life, was put into this. Destroying this is like cutting your heart."

Then he added: "As a citizen, I understand." John Connell, in charge of strategic arms elimination for the U.S. Defense Nuclear Agency, has come to know his Ukrainian counterparts in meet-

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Pope Backs Women's Right to Active Public Life

By Alan Cowell
New York Times Service

ROME — Often the target of feminist criticism, Pope John Paul II issued an endorsement on Friday of the advancement of women and urged women to take a lead in promoting peace.

In a message to celebrate World Peace Day on Jan. 1, however, he qualified his remarks by saying that the role of women within the family was "unique" and that their presence in public life should not detract from it.

The pronouncement reflected the uneasy relationship between the Vatican and women opposed to its thinking on issues such as its rejection of the ordination of women

priests and its resistance to the elevation of religious women to the highest offices in the church.

The Pope has also courted the ire of feminist and other groups with his conservative views opposing abortion and artificial means of birth control and with his opinion that women's role within the family is paramount.

In his message, however, the Pope seemed to go further than usual in endorsing the advancement of women in politics and other parts of public life.

Women, the Pope said, have attained "a remarkable degree of self-expression in cultural, social, economic and political life, as well, of course, as in the family."

"The journey has been a difficult and complicated one and, at times, not without its share of mistakes," he said.

"But it has been substantially a positive one, even if it is still unfinished due to the many obstacles, which, in various parts of the world, still prevent women from being acknowledged, respected and appreciated in their own special dignity."

"Women have a full right to become actively involved in all areas of public life," the message said, "and this right must be affirmed and guaranteed, also, where necessary, by legislation."

But it went on: "This acknowledgement of the public role of women should not however detract from their unique role within the family. Here their contribution to the welfare and progress of society, even if its importance

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In Surprise, Telekom Chief Quits Post

By Brandon Mitchener
International Herald Tribune

FRANKFURT — The head of Germany's huge state telephone monopoly, Helmut Rieke, surprised Bonn on Friday by announcing his intention to resign Jan. 1, the same day the company begins its march toward privatization, and even as the company faces an embarrassing inquiry into employee corruption.

His resignation comes two days after German prosecutors announced that they were conducting a broad investigation into telephone fraud involving employees of Deutsche Bundespost Telekom.

Telekom attributed Mr. Rieke's resignation, just seven months after he had renewed his contract for two years, to "personal reasons" and said the decision had been reached "a while ago."

Telekom vehemently denied that the resignation had anything to do with an expanding police investigation into telephone fraud.

German police acting on orders from the Cologne prosecutor's office have raided at least 14 sites across Germany and arrested at least two Telekom employees charged with making calls to phone sex agencies in the Caribbean at Telekom's expense.

An industry source said that phone fraud in Germany might involve several thousand Telekom employees and cost the company and its customers "as much as half a billion marks" a year.

"It was a big surprise for his co-

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A Gaffe Too Many: U.S. Health Chief Out

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton on Friday dismissed Surgeon General Joycelyn Elders, long a lightning rod for conservative critics because of her statements on drug use and sex.

The White House chief of staff, Leon E. Panetta, said the resignation came after Dr. Elders, the nation's top public health official, had said masturbation should be taught in schools.

Mr. Panetta said that Dr. Elders' comment "was just one too many" in a series of controversial remarks and that Mr. Clinton had demanded she resign.

"The president thinks this is not something schools should do," Mr. Panetta said. "If she had not resigned, she would have been terminated," he said.

With conservative members of Congress already trying to force her from office, the decision to let Dr. Elders go appeared to be the latest in a series of shifts by Mr. Clinton and his advisers aimed at closing ground with Republicans and quieting their complaints.

Since the Nov. 8 elections, when scores of Democrats were swept from office, Mr. Clinton has issued a high-profile call for

increased defense spending and invited Republicans to a January meeting aimed at reaching agreement on a plan to overhaul the welfare system.

And to compete with the Republicans' quest to shrink the government, Mr. Clinton's deputies are preparing what they describe as bold budget proposals that call for spending cuts far deeper than the White House had envisioned just five weeks ago.

Dr. Elders' dismissal came after remarks she made on Dec. 1 at a World AIDS Day conference in New York, when

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Yeltsin Authorizes 'All Means' Of Force to Subdue Chechens

Compiled by Our Staff From Dispatches

MOSCOW — President Boris N. Yeltsin authorized the Russian government Friday to use force in the breakaway republic of Chechnya, telling his cabinet to employ "all the means at the state's disposal" against illegal armed groups there.

The authorities in Chechnya ordered schools closed, and residents of Grozny, the capital, frantically built fortifications amid rumors of an imminent assault by Russian troops.

In a decree issued Friday evening, Mr. Yeltsin said unspecified militias in Chechnya were "causing bloodshed, taking lives and violating the rights of Russian Federation citizens."

He instructed the government to disarm those groups and uphold the law while using "all the means at the state's disposal."

Mr. Yeltsin stopped short of declaring a state of emergency in Chechnya, which declared its independence from Russia in

1991. But though the language of his decree was obscure, the implications were not.

"The government has various means at its disposal," said Denis Perkin, a Yeltsin spokesman. "There is the Foreign Ministry, the Defense Ministry, the Interior Ministry — all the law-enforcement bodies. The government can use all these means to fulfill the president's instructions."

Mr. Yeltsin's decree, which took effect immediately, was published as the defense minister, General Pavel S. Grachev, left Moscow for the northern Caucasus region, where Chechnya is situated.

The main opposition force in Chechnya said Friday that it would resume combat on Monday to topple the separatist president, Dzhokhar Dudayev, the Russian press agency Itar-Tass reported.

The Moscow-backed opposition was de-

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A Chechen singing Allah's praises Friday in Grozny. Crowds gathered there to organize a defense against any invasion.

General's Flight Cost \$120,000, Less \$85 for the Cat

By John F. Harris
Washington Post Service

WASHINGTON — A commercial flight was leaving the next day, but that wasn't soon enough for General Joseph W. Ashy. Instead, the new leader of the U.S. Space Command traveled on an air force C-141 transport jet — which flew him, an aide and the family cat from Italy to Colorado at an estimated cost of at least \$120,000.

General Ashy's flight — on a 200-passenger plane equipped with a luxury cabin and carrying a steward on its crew of 13 — was convenient at the time, but it is big trouble now. After a complaint from Capitol Hill, the Defense Department's acting inspector-general, Derek J. Vander Schaaf, has agreed to investigate the propriety of the flight and whether air force public-affairs personnel were truthful in answering press inquiries about it.

General Ashy, who followed Pentagon regulations by paying an \$85 fare for the cat, declined to comment. A

spokesman at the Space Command in Colorado Springs said General Ashy and his aide considered taking a commercial flight from Rome on Sept. 10, but worried that the schedule would not give him enough time for an eight-hour training course in Colorado the next day. So the C-141 flight was set for Sept. 9.

General Ashy, a 52-year air force veteran and fighter pilot, did not want to leave earlier because he was still commanding the 16th Air Force in Italy, which included directing air missions over Bosnia.

The flight looks bad, air force officials acknowledged, adding that no regulations were broken. General Ashy, they said, was on a tight schedule and asked an aide to see if any government planes were heading his way. Subordinates went overboard, an air force official said, and an empty C-141 was ordered across the Atlantic.

The C-141, which costs about \$3,400 an hour to run, flew from McGuire Air Force Base in New Jersey to Naples, and then back to Colorado. Total flight time was

31 hours, officials said, including two midair refuelings. The price tag gave Senator Charles E. Grassley, Republican of Iowa, a case of sticker shock, and he asked Mr. Vander Schaaf to investigate.

In a letter to the inspector-general, the senator said he learned about the incident from the Newsweek military-affairs columnist, David Hackworth, a highly decorated retired army colonel who is planning an article about the flight.

Mr. Hackworth is "disturbed by the arrogance that General Ashy's behavior appears to represent," and believes that "air force officials have repeatedly lied" to him, and an ABC News producer who collaborated with him in investigating the episode, Senator Grassley wrote.

The Space Command spokesman said General Ashy had no idea until he got on the flight that a C-141 had been dispatched especially for him, but assumed he would be on a flight that was already traveling from Europe to the United States.

Kiosk

U.S. Curbs ATRs In Icy Weather

WASHINGTON (AP) — The U.S. government ordered airlines Friday not to fly ATR commuter planes in icy weather, effective immediately.

The ban on the French- and Italian-built planes came after the Federal Aviation Administration received new information from the manufacturer that ice could be a hazard under certain conditions, officials said.

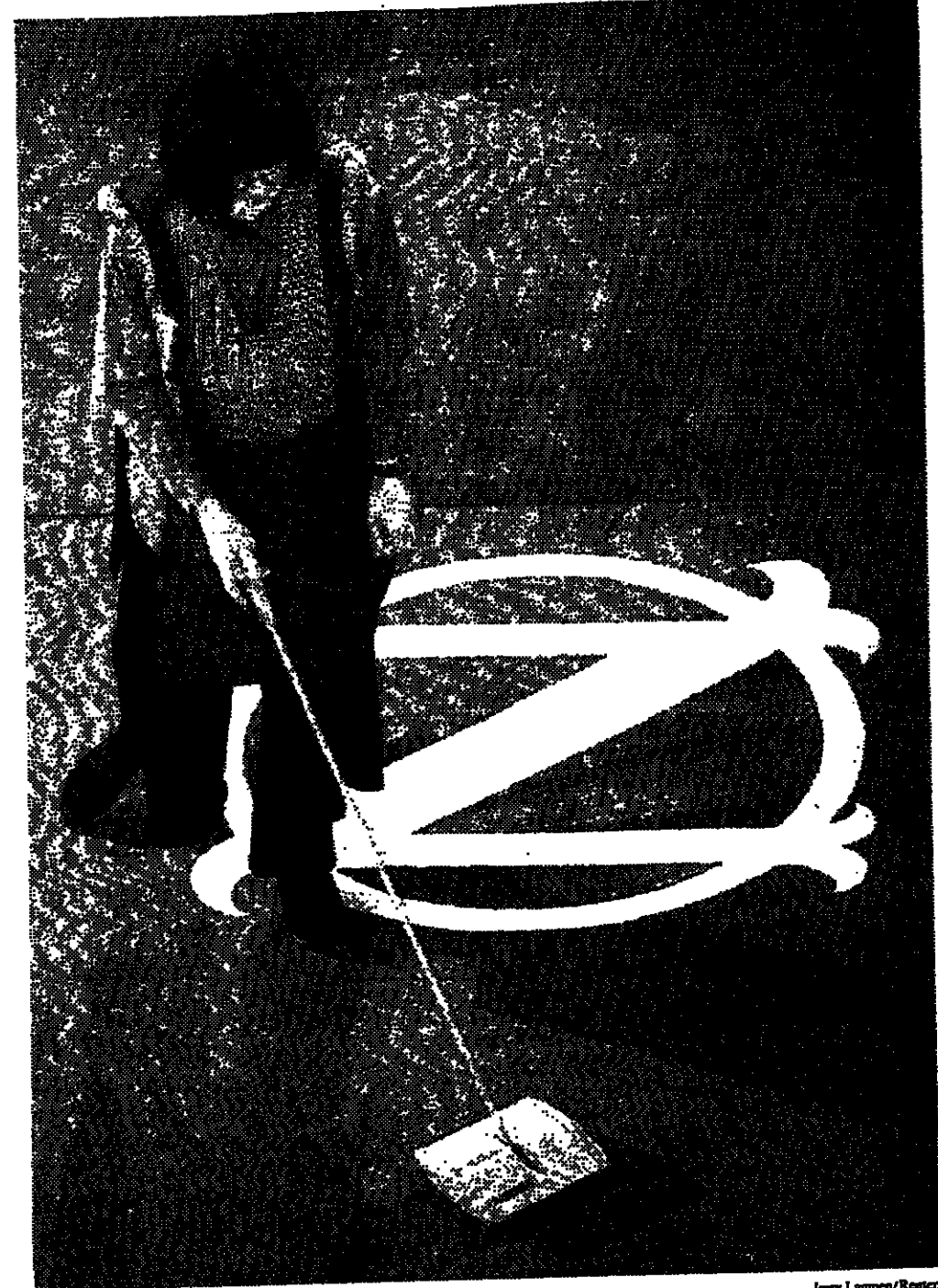
Ice was a prime suspect in the crash of an ATR-72 on Oct. 31 in Illinois, killing 68 people.

Book Review

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Dow Jones	Trib Index
Up 5.38	Down 0.54%
3891.11	110.47
The Dollar	
New York	1.577
DM	1.577
Pound	1.566
Yen	100.075
FF	5.4165

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
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Greece.....300 Dr.	Spain.....200 PTAS
Italy.....2,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 35,000
Japan.....100 Yen	U.A.E.....8.50 Dirh
Lebanon.....1 JD	U.S. Mil. (Eur.) \$1.10



An Oslo City Hall employee sweeping the carpet Friday for the Nobel Prize ceremony.

3 Laureates in Oslo for Award But in Mideast, People Ask, 'What Peace?'

By Clyde Haberman
New York Times Service

JERUSALEM — Israeli and Palestinian leaders flew off on Friday to pick up their shared Nobel Peace Prize in Oslo, where they are likely to find the political climate considerably warmer than what they left behind.

Their departures for the Nobel ceremony on Saturday said a lot about the balance of power.

Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres of Israel went to Norway on an Israeli military plane, accompanied by an entourage of 100 guests, aides and security guards.

Yasser Arafat, who does not have a plane let alone an air force, left his self-rule headquarters in the Gaza Strip, drove into Egypt and then boarded a small jet provided by the Norwegian government.

"We're not rich like the Israeli government," Mr. Arafat said teasingly on Thursday, casting himself, with Mr. Peres at his side in Gaza, as the poor country cousin of the Oslo extravaganza.

But even if their travel arrangements were unequal, the recipients had a lot more in common than the Peace Prize, the first one awarded to more than two people since the Nobel honors began in 1901.

In gamblers' parlance, none of them is on a roll. Mr. Arafat has been politically clobbered in Gaza, where the intifada began seven years ago Friday.

Foreign aid has been slow to arrive and his self-rule government is struggling, beset by a strong Islamic resistance and a cascade of criticism from Palestinians questioning his competence, his commitment to democracy and his ability to make the transition from revolutionary to governor.

Moreover, many Palestinians doubt that the Nobel award by itself can turn things around for him, especially since people in Gaza and the West Bank have little affection for the prize.

The last Middle Eastern winners were Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt, in 1978, when they signed the Camp David accords. To Palestinians, those agreements were a sellout of their interests.

"The Nobel Prize is not important in Palestinian consciousness because some who received it in the past were not

seen by our people as peacemakers," said Ghassan Khatib, a former Palestinian peace negotiator and lecturer at Bir Zeit University in the West Bank.

For their part, Mr. Rabin and Mr. Peres may find it a relief to be away from home.

They are routinely lionized overseas as men of vision and daring for trying to create a new order for Israelis and Palestinians. But in Israel, where people tend to see the glass as half empty, they and their Labor Party could not be walking a rocky road.

Opinion polls suggest that if elections were held today, Mr. Rabin would lose to Benjamin Netanyahu, leader of the rightist Likud party and an opponent of Israel's self-rule agreement with Mr. Arafat.

Instead of rejoicing in their peace treaty with Jordan and new contacts with other Arab states, Israelis worry more about a steady wave of terrorist attacks by Islamic radicals from the territories.

Instead of celebrating a sharp drop in unemployment and economic growth estimated this

year at a robust 6.5 percent, they have dwelt on their climbing inflation rate, now 15 percent, on an unpopular new capital-gains tax and on a stock market that has lost 40 percent of its value in 1994, peace or no peace.

A few months ago, Mr. Rabin's party lost control of the giant labor federation, Histadrut. Frantic Labor Party leaders, smelling possible disaster in the 1995 elections, have begun squabbling among themselves, so fiercely that one member of Parliament, Avraham Burg, warned this past week that the party was "a footstep away from the abyss."

At a Labor caucus the other day, a lawmaker named Shlomo Ben-Ami pleaded with Mr. Rabin not to go to Oslo. "Yitzhak, the house is on fire," he said. "Stay in Israel, and we'll put it out."

Many other Israelis also wanted their government leaders to stick close to home, because they were appalled that the Nobel Peace Prize was being shared with Mr. Arafat, whose terrorist past is hardly forgotten.

Two polls this past week showed that only a minority of Israelis wanted Mr. Rabin and Mr. Peres to go to the ceremony.

In Oslo, where the police are on full alert, protest demonstrations have been held, as they have in Israel, where critics point to the continuing violence and ask: What peace?

■ Syria Agrees to U.S. Talks

Syria repeated its refusal Friday to hold secret talks with Israel, but said it had agreed to "exchange ideas" with the Israelis in Washington with the participation of the United States, Reuters reported.

The Syrian foreign minister, Farouk Shara, said in Lebanon, "Syria agreed to the proposal that meetings between the Syrian and Israeli sides to exchange ideas take place in Washington."

He added that "knots" in the Israeli-Syrian negotiations "could be unraveled" paving the way for the continuation of negotiations on the Syrian and Lebanese tracks with Israel.

Three years of U.S.-brokered peace talks between Syria and Israel are deadlocked over the extent of an Israeli withdrawal from the Golan Heights.

Lebanon's talks with Israel, which occupies a 13-kilometer (9-mile) strip on the Lebanese border, are also bogged down.

Security Scare As Peres Falls On Oslo Rails

Reuters

OSLO — Foreign Minister Shimon Peres of Israel provoked a security scare in Oslo on Friday when he slipped on a tram track as he walked in the street and fell, cutting his eye.

Mr. Peres and Prime Minister Yitzhak Rabin of Israel, in Oslo to receive the Nobel Peace Prize jointly with the PLO leader, Yasser Arafat, were walking to their hotel after attending a service at the city's synagogue.

The Jewish Sabbath, which lasts from sunset Friday until sunset Saturday, barred them from using cars on their way back.

As Mr. Peres fell, members of an 800-member security force guarding the leaders shouted: "Don't move! Don't move!" while they scanned the area for possible attackers.

The minister, helped by his bodyguards, was bleeding from a cut over his right eye but continued on foot.

A 'Beginning' in Ulster Talks

By James F. Clarity
New York Times Service

BELFAST — For the first time since Ireland was partitioned in 1922, representatives of the outlawed Irish Republican Army and the British government faced each other Friday in an officially sanctioned, publicly announced meeting designed to lead eventually to a political settlement in Northern Ireland.

The IRA was represented at the three-hour meeting by officials of its political wing, Sinn Féin; Britain by senior civil servants.

Both sides described the session, held at the Stormont Parliament Buildings, the traditional center of Protestant power in the province, as useful. They acknowledged that it had been exploratory, discussing an agenda that could lead to Sinn Féin's formal inclusion in broader negotiations with other Northern parties and with the British and Irish governments.

The issues of the IRA's disarmament and British troop withdrawal were not discussed in detail, but they are expected to be. The two sides agreed to continue the talks on Dec. 19, which politicians and analysts said was a positive sign, an indication that the peace effort was surviving domestic political uncertainties in Dublin and London.

"We've made a beginning," said Martin McGuinness, the No. 2 official of Sinn Féin, who led its delegation on Friday. "It should have happened long ago. This is a historic opportunity that needs to be built upon."

The senior British official at the talks, Quentin Thomas, a deputy secretary in the Northern Ireland Office, which runs the province, made no immediate comment. Another official said the talks had been "business-like and constructive."

No new positions were outlined, and both sides agreed

that old positions did not amount to conditions for ultimate agreement that would lead to broader talks.

Essentially, Sinn Féin said it wanted Britain to relinquish sovereignty over the province; Britain made it clear it had no intention of doing this without the consent of the majority, which is likely to remain Protestant for at least another generation.

The meeting was of both symbolic and practical significance. Stormont, on a commanding hill in East Belfast, is the site of the Northern Ireland Assembly that was prorogued when Britain took direct control of Ulster 20 years ago. The restoration of the legislature, with the participation of Sinn Féin and improved representation for the province's Catholic minority, is one of the principal goals of the peace effort.

IRA leaders, including Mr. McGuinness, had met with British officials in the past. But those meetings, as recently as early in 1993, had been secret or unofficial or only quasi-official, had dealt with short-term objectives such as cease-fires, and were not aimed at bringing Republicans peacefully into the political life of the province, as was the meeting on Friday.

9 Injured on Japanese Plane

Agence France-Press

TOKYO — Six passengers and three crew members on a Japan Air System Airbus were injured Friday when the airplane, with 154 aboard, encountered turbulence, the Transport Ministry said. The injured, who suffered bruises and cuts, were hospitalized after the domestic airplane landed at Tokyo's Haneda airport.

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AMERICAN TOPICS

On Road, Drowsiness

Is as Deadly as Drink

Drowsy drivers may cause as many accidents as drunken drivers — 30 percent of fatal crashes in one study. At least one American driver in every 20 has caused an accident by nodding off at the wheel, sleep researchers say.

Don't blame boring highways and long drives for drowsiness and driving, said Thomas Roth, a researcher at Henry Ford Hospital in Detroit. Instead, he said, blame a stubborn unwillingness to submit to slumber and a lifestyle with inadequate time for sleep.

"The dangerous driver is the one who is sleepy, but won't admit it," Dr. Roth said. This is showing up as thousands of automobile accidents and deaths, he said.

Allan I. Pack of the National Institutes of Health said a New York State study showed that sleepiness was a factor in 82 percent of accidents in which the vehicle left the roadway.

In another survey, 20 percent of U.S. drivers admitted that they had fallen asleep at some time while driving.

There are 1.3 million single-vehicle crashes each year in the United States, said Dr. Pack. In two-thirds of the accidents, the driver made no

attempt to brake or steer back onto the road.

What to do if you get sleepy at the wheel? Caffeine is not the solution, the experts say; instead, pull over and sleep.

Short Takes

Infant mortality in the United States reached an all-time low last year, according to the National Center for Health Statistics. The rate fell to 8.3 deaths per 1,000 live births in 1993, a decline from 8.5 deaths per 1,000 the year before.

Thanks in large part to the popularity of microwave popcorn, sales of unpopped popcorn have nearly doubled in the past decade, from 611 million pounds (about 280 million kilograms) in 1982 to 1.16 billion pounds last year. The Washington Post reports. Americans consume no less than 73 quarts of popcorn per person per year — salted, buttered or caramelized. Two-thirds is consumed at home and much of the rest at ballparks and movie theaters.

A skier lost in a Sierra blizzard near Squaw Valley, California, remembered his Boy Scout training and survived. Alan Austin, 45, said that when he was caught in freezing temperatures, driving snow and a whiteout, "I figured I was in pretty big trouble, so I built a snow cave."

He said he recalled his Boy Scout instructions: Stay in one place, find a snow drift

under a tree, build a cave and line the walls with tree limbs. And wait. When rescuers found him two days later he had suffered only mild frostbite on his fingers and toes.

Parents can use a new device called Time Slot to dole out a limited number of hours for watching television and playing video games. Each family member is issued an individual card, which is passed through a slot to "buy" tube time. In addition to monitoring how long the TV is on, the device priced at \$149.95, can be programmed to block out particular viewing time such as late-night hours. It is sold in department stores, specialty shops and toy stores. One satisfied customer wrote: "I love it. The kids hate it."

Michigan law prohibits the courts from enforcing collection of gambling debts, an appeals court in Detroit said in ruling that a collection agency could not force a Michigan man to pay a \$5,000 debt to a Las Vegas casino. International Recovery had gone to court to force John H. Gable, 47, to pay a 1986 debt to the Sands Hotel and Casino that now stands at \$10,770 with interest. A Sands vice president, Shelley Berkley, said the ruling could hurt visitors to casinos who want to gamble on credit. International Recovery is considering an appeal, its attorney, Keith Nussbaum, said. Gambling is illegal in Michigan, except on tribal lands. International Herald Tribune

WORLD BRIEFS

SWAPO Dominating Namibia Vote

WINDHOEK, Namibia (Reuters) — President Sam Nujoma and his governing South-West Africa People's Organization, or SWAPO, swept into the lead in general elections, taking 9 out of the first 10 constituencies announced on Friday by electoral officials.

In two constituencies, his sole rival in the presidential race, Mishake Muyongo, of the opposition Democratic Turnhalle Alliance, received only 86 votes to Mr. Nujoma's 8,860.

In Arandis, near Swakopmund on the Atlantic coast, electoral officials said Mr. Nujoma had won 3,212 votes, compared with 493 for Mr. Muyongo, whose party had so far taken only one seat. Final results are not expected until early next week, although Mr. Nujoma and his party, in power since independence from South Africa in 1990, are expected to win a large majority.

Mozambican Sworn In, Rival Attends

MAPUTO, Mozambique (AP) — President Joaquim Chissano took his oath of office Friday as the first leader of a democratic Mozambique emerging from nearly two decades of war. Addressing an audience that included his bitter wartime rival, Afonso Dhlakama, of the Mozambique National Resistance Movement, Mr. Chissano pledged to rehabilitate the country. "There is no force that can destroy the unity of Mozambicans," he said.

Mr. Chissano, who had presided over a one-party state, won the country's first multiparty elections in October. Mr. Dhlakama came in second and will lead the parliamentary opposition. Nelson Mandela of South Africa, Robert Mugabe of Zimbabwe and José Eduardo dos Santos of Angola attended the ceremony, held in sweltering heat in the capital's Independence Square.

India Leader Faces Revolt Over Losses

NEW DELHI (Reuters) — Prime Minister P.V. Narasimha Rao's Congress (I) Party was heading for a major crisis Friday after opposition groups looked set to sweep state assembly elections in at least three of four states.

As vote-counting proceeded, the party appeared to be headed for a humiliating defeat at the hands of the regional Telugu Desam Party in Andhra Pradesh, Mr. Rao's home state. His opponents in the Congress (I) Party said they were meeting to decide whether to seek a change in the party leadership, and opposition parties said they might move a no-confidence motion against Mr. Rao in the current session of Parliament.

Congress (I) was also losing in Karnataka state, where the centrist Janata Dal was emerging as a clear winner, and in the border state of Sikkim. In the western state of Goa, Congress (I) was in a close race with an alliance led by the Hindu nationalist Bharatiya Janata Party.

U.S. Seeks Better Ties With Lebanon

BEIRUT (Reuters) — The United States, apparently in a change in policy toward Lebanon, said Friday that it wanted to improve relations with the Middle Eastern country "on all levels."

"We want to see the ties between the United States and Lebanon improve and increase on all levels," Robert H. Pelletreau, Jr., assistant secretary of state for Middle Eastern affairs, said after talks with President Elias Hrawi.

He comments followed several months during which Secretary of State Warren M. Christopher and other American officials angered Lebanese officials by ignoring the country during their peacekeeping visits to the region. Also, the U.S. Import-Export Bank — a government agency — last week quietly resumed loan operations to Lebanon's public and private sectors.

Paris Shifts 2 Police Investigators

PARIS (Reuters) — Two senior French policemen in charge of financial investigations are to be transferred to other jobs, one of them becoming head of the fight against the Basque separatist guerrilla group ETA, officials said Friday.

Yves Locat, national head of financial investigations, is to become chief inspector of police services. Patrick Riou, head of financial investigations in Paris, will be the Paris-based coordinator of operations against ETA.

Interior Ministry officials said the moves, effective early next year, had long been planned. They dismissed speculation that they could be an attempt to stifle a series of probes into political corruption scandals. One police official pointed out that magistrates, rather than police chiefs, control investigations.

Berlusconi to Meet With Prosecutors

ROME (AP) — Prime Minister Silvio Berlusconi will meet with prosecutors Tuesday in their investigation of his Fininvest media conglomerate, news reports said.

Milan prosecutors informed him on Nov. 22 that he was a suspect in their inquiry of alleged payoffs by Fininvest officials to tax inspectors. He was asked to appear for questioning. Mr. Berlusconi, who was in Germany for a European Union meeting, said that prosecutors had confirmed an appointment for Tuesday, the AGI news agency said.

The prime minister has denied any wrongdoing and has alleged that the prosecution was politically motivated.

For the Record

A mortar bomb wounded five Indian peacekeepers in Somalia, and the last Indian troops prepared on Friday to complete their pullout from the southern port of Kismayu. (Reuters)

Suspected Muslim militants shot dead two police guards near a train station in the southern Egyptian town of Mallowa on Friday, security sources said. (Reuters)

TRAVEL UPDATE

Fire at the Eurotunnel Shuttle Train

FOLKESTONE, England (AFP) — A car caught fire on Friday, as it was being loaded onto a shuttle train in the Channel Tunnel at the Folkestone terminal, according to the owner, Eurotunnel. Fire fighters rapidly put out the blaze, which did not cause any injury, allowing service to resume promptly after the "immediate" application of standard security measures, a spokesman said.

Eurotunnel is still awaiting authorization from a French-British intergovernmental commission to allow private cars to travel on the shuttle. Currently, only company stockholders, journalists and tourist operator representatives are allowed on.

British Airways is expanding its service from London to Cape Town from two to three flights weekly starting in April. (AFP)

Stiff new Spanish controls on the border with Gibraltar have stirred fears that Spain plans to close the border, according to Ernest Montado, Gibraltar's senior civil servant. (Reuters)

All Nippon Airways said it would begin scheduled services jointly with Eva Air, a member of the Evergreen group of Taiwan, between Taipei and Fukuoka, Japan, beginning Dec. 12. (AFX)

IMPROVE INTERNATIONAL RELATIONS

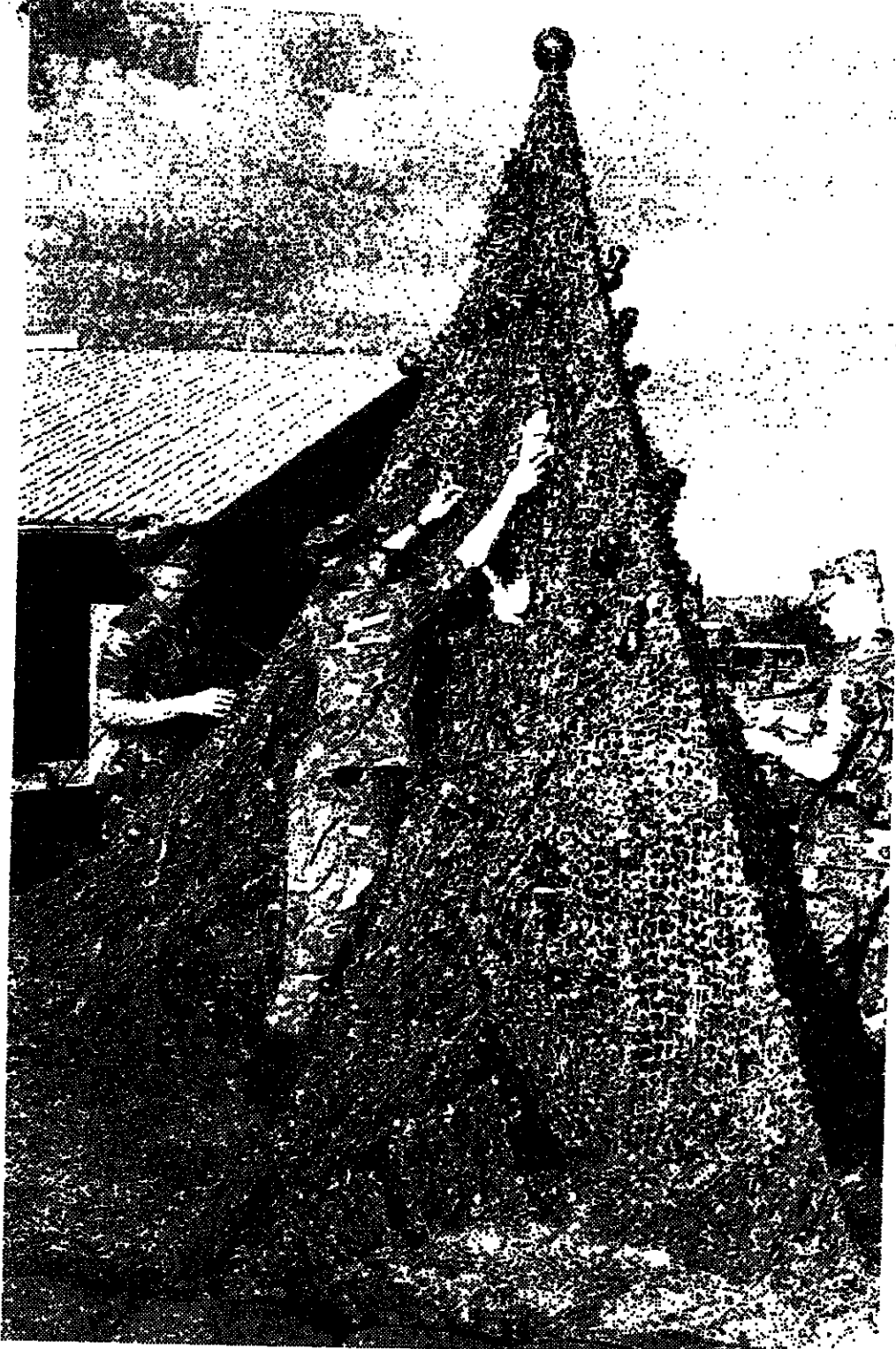
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Italy	001-800-335-1111	Jamaica	001-800-335-1111
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Norway	001-800-335-1111	Paraguay	001-800-335-1111
Peru	001-800-335-1111	Poland	001-800-335-1111
Portugal	001-800-335-1111	Puerto Rico	001-800-335-1111
Romania	001-800-335-1111	Russia	001-800-335-1111
Saudi Arabia	001-800-335-1111	Slovakia	001-800-335-1111
South Africa	001-800-335-1111	Spain	001-800-335-1111
Sweden	001-800-335-1111	Switzerland	001-800-335-1111
Syria	001-800-335-1111	Taiwan	001-800-335-1111
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THE AMERICAS



CHRISTMAS CAMOUFLAGE — U.S. military policemen trimming the "tree" they have set up with camouflage netting outside their camp in Port-au-Prince, Haiti.

Pentagon to Slash \$7.7 Billion in Arms Programs

WASHINGTON — The Pentagon announced Friday that it would cut \$7.7 billion in new weapons programs over the next six years to help pay for increased salaries and improved living conditions for American troops.

Coupled with President Bill Clinton's decision last week to add \$25 billion to the military's budget through 2001, the action reflects an effort by the administration to increase military readiness and to support military personnel at the expense of modernizing its arsenal.

The administration's decision to shift money into readiness from hardware also underscores the efforts by the White House to blunt criticisms from Republican legislators that forces are stretched too thin.

The Pentagon conceded last month that three army divisions were below peak readiness.

"We believe that these adjustments are acceptable," Defense Secretary William J. Perry said. "They protect our technology base, and they allow important force modernization programs to continue at a rate that we can afford and they do provide the necessary savings which help us increase funding for readiness."

In a widely publicized memorandum last August, Deputy Defense Secretary John M. Deutch ordered the army, the navy and the air force to pre-

pare plans to cancel or delay as much as \$20 billion in new weapons systems in development. President Clinton's announcement reduced the size of the necessary cuts.

Under the plan, the military will cancel an air force "Stealth" missile system at a savings of \$2.1 billion, revamp the army's Comanche helicopter program to build only two prototypes at a savings of \$2.1 billion, build two fewer navy destroyers to save \$1.5 billion and delay procurement of attack submarines for a year, saving \$1.5 billion.

Personnel Cuts

The army and the air force have announced personnel reductions that will cut tens of thousands from the military's uniformed and civilian ranks over the next two years, Reuters reported from Washington.

The army will go from 12 to 10 active-duty divisions and cut thousands more positions from the support ranks for a net reduction of about 10 percent over the next 18 months. The service will be reducing its 74,000-man force in Germany by about 10,000.

Turning Up Heat on Gingrich

WASHINGTON — The second-ranking Democrat in the House has called for appointment of an outside counsel to investigate whether the next speaker of the House, Newt Gingrich, Republican of Georgia, has violated House ethics rules and federal tax codes with his network of political organizations.

The allegations, already under review by the House ethics committee, suggest that the House Republican leader used funds and organizations that were designated as nonpartisan to recruit, fund and train Republican candidates and party activists.

"With the multitude of unanswered questions, ethical allegations and serious conflicts of interest faced by the incoming speaker of the House, I believe that it is imperative that we have an independent, nonpartisan counsel to carry forward the investigation," Representative David E. Bonior, Democrat of Michigan, the incoming House minority whip, said at a news conference.

Judges' Judge Makes Point

WASHINGTON — Three senior Clinton administration officials recently trudged up to Capitol Hill on short notice to confer with Senator Orrin G. Hatch, soon to be the new chairman of the Senate Judiciary Committee.

It turned out to be something other than a simple courtesy call. The Utah Republican was, by all accounts, his usual courtly self. But he was unusually blunt in discussing the new political situation that will come with Republican control of the Senate.

He told the Clinton aides that he was now the principal gatekeeper on the issue of who gets to be a federal judge. And, he said, he will not hesitate to engage the administration in combat on that issue.

Asked in an interview about what kind of people President Bill Clinton will now be trying to put on the federal bench, Eleanor Acheson, a senior Justice Department official, said, "I don't think anybody in the administration is laboring under the notion that the culture and environment hasn't changed drastically."

She said there could be "constraints" on the type of people involved. (NYT)

Clinton Sharpens His Ax For the Executive Branch

By Ann Devroy and Stephen Barr
Washington Post Service

WASHINGTON — President Bill Clinton's senior economic and political advisers are preparing budget options that would dramatically slash departments and agencies and may even eliminate a cabinet department, as the White House competes with the new Republican Congress to cut the federal government.

A senior official said that while the options include eliminating departments such as Energy and Housing and Urban Development, advisers are more concentrated on "serious, significant, major restructuring" rather than jettisoning a department.

Republicans who control the House and Senate have already stated they intend to do major surgery — if not start from scratch — on the fiscal 1996 budget that Mr. Clinton will send to Congress in February.

The White House has totally shaken up its budget process to produce what officials describe

as a "much more audacious response" to the Republican gains and to emphasize Mr. Clinton's desire to move more toward the political center.

A senior administration official said that Mr. Clinton had asked for "serious recommendations" for cutting or eliminating departments or programs.

A second official said the Department of Housing and Urban Development was once considered a prime candidate for elimination but that Secretary Henry G. Cisneros has produced a workable set of proposals that call for "dramatic restructuring" to save money.

Energy Department officials recalled that when President Ronald Reagan proposed elimination of their department in 1981, the proposal failed for two reasons: the Congressional Budget Office did not believe it would save much money, and no one could decide where to move the department's biggest and most expensive function, manufacturing and maintaining nuclear weapons.

Another official noted, though, that "things that could not have been possible two months ago now make it on the table."

This official said that while the major reviews had been directed at the housing and energy departments, other government departments and agencies would be asked to justify their missions and explain why parts of their organizations continue to exist.

Canal Boats Hunt for Cubans

NUEVO EMPERADOR, Panama — Police officers searched the jungle and military speedboats patrolled the Panama Canal on Friday, hunting for Cubans who escaped refugee camps in riots that left 236 U.S. soldiers wounded.

A total of 30 refugees were unaccounted for of about 1,000 who escaped during the rioting.

The riots broke out Wednesday when refugees, angry over the slow pace of efforts to find them permanent homes, threw rocks at U.S. soldiers. The melee was brought under control on Thursday. At least 17 Cubans also were injured.

It was the worst outbreak of violence since President Bill Clinton ordered U.S. warships to intercept Cuban refugees at sea in August. About 8,500 refugees have been held at camps in Panama under U.S. supervision since September. More than twice that many are detained at the U.S. naval base at Guantánamo Bay, Cuba.

Vice President Al Gore said the riots would not force any changes in U.S. immigration policy.

"We're taking a lot of steps, including actively seeking third countries for them to go to," Mr. Gore said in a broadcast interview on Thursday.

"We are also actively reviewing humanitarian and hardship cases," he said, adding that "we are improving the conditions there."

Panamanian police helped U.S. soldiers search for the missing Cubans. Troops set up roadblocks around the four camps, 12 miles (20 kilometers) west of Panama City.

At least 26 Cubans who tried to swim the muddy canal were caught by policemen.

A military spokesman said tear gas was used at one camp to quell rioting. He said about 1,000 troops were summoned to restore calm and were welding together large sections of barbed-wire fencing knocked over by the rioters.

Simpson Jury Selection Comes to a Close

LOS ANGELES — Both sides in the O.J. Simpson murder trial have accepted a racially mixed panel of alternate jurors, concluding a grueling jury selection process that has dragged on since late September.

The final round of jury selection in the Simpson case unfolded Thursday in a tense, quiet courtroom with the two sides trading narrow exercises, preemptory challenges — those used to remove a panelist without stating the reason. When the process concluded, the nine-woman, three-man alternate panel included seven blacks, four whites and one Hispanic.

They will be pressed into service if any of the 12 regular jurors are removed between now and the end of the trial, a possibility that already has surfaced amid allegations of improper behavior by one or more of the Simpson jurors.

Mr. Simpson smiled broadly Thursday when the selection process finished. His two principal attorneys, Johnnie L.

Cochran Jr. and Robert L. Shapiro, strode together to the lectern, and Mr. Shapiro announced: "On behalf of O.J. Simpson, we accept the jury."

Jury selection has been under way since Sept. 26, when the first panelists filled out an exhaustive questionnaire probing their feelings about the case and searching for any biases that might make them unfit to serve.

More than 100 candidates were dismissed during the selection process.

With jurors and alternates now in place, the judge and attorneys can at last begin turning their attention to legal issues and evidence in the case. On Monday, they will take up a defense effort to block the introduction of any evidence of "marital discord" between Mr. Simpson and his former wife Nicole Brown Simpson.

The slashed and stabbed bodies of Mrs. Simpson and her friend Ronald L. Goldman were discovered shortly after midnight on June 13. Mr. Simpson has been charged with those murders, but the former profes-

sional football star has pleaded not guilty and has vigorously proclaimed his innocence.

White Bronco for Sale?

The white Ford Bronco seen on television around the world last June as Mr. Simpson's business partner drove him along Los Angeles freeways chased by the police may soon be up for sale, Reuters reported from Los Angeles.

Mr. Cowling's attorney, Donald Re, said that Mr. Cowling had been offered six-figure sums for the car. "Ever since 'The Ride,' people have called asking if they could buy the Bronco," Mr. Re said.

He said the police returned the vehicle to Mr. Cowling two months ago "and he really isn't able to use it because it's the most recognizable car in America."

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Away From Politics

- A U.S. Navy-chartered passenger ship caught fire after docking at the U.S. naval base at Guantánamo Bay, Cuba, forcing the evacuation of hundreds of military personnel and civilians, the navy said. One woman was injured by smoke inhalation. (Reuters)
- A U.S. judge upheld the right of a Philadelphia-area hospital company to require a doctor infected with HIV to tell prospective patients of his condition. (Reuters)
- Short children are no more likely to be maladjusted than taller ones, so parents who spend thousands of dollars a year on growth hormones may be wasting their money, researchers say. Earlier studies had suggested that shorter youngsters are more likely to be shy, anxious or depressed. (AP)
- The Justice Department said 37 inmates were executed in 10 states last year, the largest number since states were allowed to resume using capital punishment in 1976. (AP)
- Hundreds of students have fallen ill with vomiting and diarrhea at Dartmouth College and Harvard University, both in New England, and epidemiologists were trying to discover if there was a connection between the outbreaks. (NYT)
- A fire whipped by winds roared through a brushy canyon and briefly threatened homes in Malibu, California, which is still recovering from last year's deadly firestorms. (AP)

TENDER NOTICE

ETHIOPIAN CIVIL AVIATION AUTHORITY
ADDIS ABABA AIRPORT PROJECT: AIRSIDE WORKS PHASE I
PREQUALIFICATION OF CONTRACTORS

1.1 The Transitional Government of Ethiopia has applied for a loan from the African Development Fund in various currencies towards the cost of Addis Ababa Airport Project: Airside Works Phase I and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for which this invitation to prequalify is issued.

1.2 The CIVIL AVIATION AUTHORITY intends to prequalify contractors for the following works:
The project is located at Addis Ababa Airport, 5 kilometers south of the city of Addis Ababa. The project principally comprises civil engineering works including major earthworks and airport pavement work, in particular bituminous airfield pavements. The work will be undertaken while the airport continues to be operational.

The work comprises the following principal elements:

- New bituminous runway 3,800 meters long with three new taxi links designed to ACN 100 strength.
- Strengthening of an existing Taxi Track.
- New concrete aircraft parking apron of ACN 100 strength.
- Airfield lighting and essential Nav-Aid works.
- Miscellaneous works like top soiling, drainage, electrical power, pavement markings, etc.

1.3 Prequalification is open to contractors and joint ventures of contractors from member countries of the African Development Bank and the African Development Fund.

1.4 Interested eligible contractors may obtain further information and inspect the prequalification documents at the office of The General Manager, Civil Aviation Authority, P.O. Box 978, Addis Ababa International Airport, Addis Ababa, Ethiopia. Tel. No. 01-610277 - Fax No. 251-1-612533 - Tlx. No. 21162

1.5 A complete set of prequalification documents may be purchased by any interested eligible applicant on the submission of a written application to the above address and upon payment of a non-refundable fee of US Dollars FIFTY ONLY. Requests submitted by mail should include a certified cheque in the amount and currency indicated above in favor of General Manager, Civil Aviation Authority.

In this case the Civil Aviation Authority will promptly despatch the documents by registered airmail, but under no circumstances can it be held responsible for late delivery or loss of the documents so mailed to the applicant.

1.6 The Prequalification documents must be duly completed and returned to The General Manager, Civil Aviation Authority, P.O. Box 978, Addis Ababa International Airport, Addis Ababa, Ethiopia. Tel. No. 01-610277 - Fax No. 251-1-612533 - Tlx. No. 21162 where they must be received before 11:00 hours on 31 JANUARY 1995. Documents which are received late will not be considered and returned unopened.

Lust, greed, envy, hate, love, joy — And that's just Charlie Brown.

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U.S. Force in Bosnia Would Be Ready for Combat, Perry Says

Compiled by Our Staff From Dispatches

WASHINGTON — Secretary William J. Perry said Friday that American troops would be prepared for combat if they participated in an evacuation of United Nations peacekeepers in Bosnia.

"If we go in on an extraction operation, and if our forces are attacked by whomever, we will be conducting a combat operation," Mr. Perry said, and the troops will be equipped and prepared to use "overwhelming power."

The Bosnian Serb leader, Radovan Karadzic, warned NATO and U.S. forces on Friday to steer clear of Serbs during any evacuation. Mr. Karadzic said his forces would not seek a confrontation but were ready to fight.

"If NATO or the U.S. Army want to assist the United Nations, he said, 'then they should not approach Serbian territory. We would not attack them, but if they approach Serbian territory and are hostile to us, there will be a big war between us. There will be another Vietnam.'"

The Clinton administration has offered up to 25,000 U.S. soldiers to help evacuate the thousands of UN peacekeepers threatened by fighting in Bosnia. The United Nations has not yet requested a pullout.

Mr. Perry said a UN withdrawal would be followed by a "reinvigorated" diplomatic effort to stop the fighting in Bosnia.

"If that negotiated settlement, that cease-fire, were not to be agreed to, then there would be more flexibility in the future for applying military leverage than there is today," he said.

Mr. Karadzic, although stressing Serbian determination not to flinch from a confrontation, said his self-styled Bosnian Serb republic did not want the United Nations to leave if it could be avoided.

"In terms of the military issues," he said, a withdrawal "would be a disaster for the Muslim army. But in terms of the humanitarian issue, it would be a disaster for Serbs and more so for the Muslims."

The Serbs would not oppose a withdrawal taking place without NATO intervention, he said, adding: "If the UN is withdrawing, then we will guarantee them full security on Serb territory. Of course, they will have to take their weaponry with them. They can't leave it to the Muslims."

In a related development, NATO's secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN missions un-

der the stringent conditions imposed in Bosnia.

Mr. Claes said the North Atlantic Treaty Organization's hands had been tied in Bosnia because it needed UN approval before taking action against the Serbs.

"We are losing some of our credibility because UN authorities think we have to avoid a military approach to the Bihac problem," he said, referring to the embattled Muslim enclave.

"I don't think that NATO can accept conditions that, at certain stages, paralyze us," he said in an interview with a Brussels newspaper, *Le Soir*.

Because of the problems with the United Nations, Mr. Claes also said NATO would insist on retaining — and not sharing — command if the alliance is called in to rescue endangered UN troops in Bosnia.

(AP, Reuters)

Belgrade Suspected of Breaking Its Embargo

By John Pomfret

Washington Post Service

ZAGREB, Croatia — Diplomats and UN officials say a growing body of circumstantial evidence suggests that President Slobodan Milosevic of Serbia is secretly breaking his own embargo on the Bosnian Serbs.

These sources cited increasing signs that Mr. Milosevic, despite voicing support for an internationally backed peace plan, has continued supporting the Bosnian Serb Army in its secessionist war against the Muslim-led government in Sarajevo with guns, troops and fuel.

This would mark a major breach of the embargo Mr. Milosevic announced in August. The embargo was presented then as a total cutoff of long-standing Serbian support for the Bosnian Serbs and was undertaken in an attempt to force an end to Europe's worst conflict since World War II.

The latest clue emerged Thursday when two award-winning photographers, incarcerated and beaten for two days by Serbian forces besieging the Muslim-held Bihac pocket in northwestern Bosnia, said their captors identified themselves as members of a paramilitary unit from Belgrade.

While anecdotal, the allegations by Ron Jacques of New York and Luc Delhaye of Paris prompted Peter Galbraith, the U.S. ambassador to Croatia, to say, "These are very serious reports, and they have to be investigated."

The reports highlight a complex policy pursued by Mr. Milosevic, who has hailed earlier this week by the foreign ministers of Britain and France as the last hope for peace in the Balkans.

The detailed allegations, if true, would raise doubts about the assumptions that underlie the latest European diplomatic initiatives to end Bosnia's war: that Mr. Milosevic wants peace and that he supports a U.S.-European plan to cut Bosnia roughly in half between Serbs and a Muslim-Croatian federation.

They also would contradict the claims of an international border commission, which Tuesday reported that Yugoslavia, whose dominant republic is Serbia, over the last 30 days had effectively blocked its frontier with Bosnia as promised.

Partly on the basis of that report, the United Nations Security Council will vote on whether to renew a reduc-

tion of international economic sanctions on Serbia.

Serbian forces arrested Mr. Jacques and Mr. Delhaye on Monday even though they were traveling in Croatian Serbian-held territory with the permission of Serbian authorities.

In an interview Thursday, Mr. Jacques, a photographer for the Paris-based Saba photo agency, described a two-day ordeal of beatings, being doused by buckets of cold water and a mock execution. At one point, Serbs covered his head with a padded hood and beat him, Mr. Jacques said.

UN sources said that from the description, the men appeared to be part of a Serbian paramilitary unit run by a Belgrade-based gangster called Zeljko Raznatovic, also known as Arkan, whom the United States has accused of being a war criminal.

Mr. Milosevic supported Arkan in his unsuccessful bid last December for a seat in Parliament and has used Arkan's units before.

UN officials said the reports suggested that rumors of Mr. Milosevic's split with the Bosnian Serbs' self-declared government in Pale have been exaggerated, if not stage-managed, and that the recent Bosnian and Cro-

atian Serbian onslaught against the Bihac pocket suggests support from Belgrade.

UN officials and diplomats pointed to the following developments as additional signs that Mr. Milosevic's support of the Bosnian Serbs has not waned:

• A large number of advanced anti-aircraft missile systems have appeared in Serbian-held parts of Bosnia since Mr. Milosevic announced the embargo. Diplomats in Zagreb have said they believe these units were supplied to the Bosnian and Croatian Serbs by Mr. Milosevic over the last month, especially since Nov. 21, when NATO launched the first of two air strikes on Serbian targets around the Bihac pocket.

• The Bosnian Serb Army, which six weeks ago was reported to be low on fuel, suddenly has a surplus, and much of it appears to be coming from the Yugoslav's other republic, Montenegro.

• There are increasing numbers of suspicious helicopter sorties close to Serbian territory along with indications of troop movements from Serbia into Bosnian Serbian-held turf.

SUMMIT: Europe Backs Off on Bosnia Pullout by UN, Fearing Wider War

Continued from Page 1

declined to send any soldiers to serve with the UN forces in Bosnia.

The officials said it was imperative to reach a negotiated solution before the new Republican-controlled U.S. Congress forced a change in American policy. They said that nailing down an agreement would require new concessions to the Serbs in the international peace plan that offers 49 percent of Bosnia's territory to the Serbs and 51 percent to a confederation of Muslims and Croats.

The so-called contact group, which includes the United States, Russia, France, Britain

and Germany, has agreed that "land swaps" could occur in the map, such as handing over control of eastern Muslim enclaves to the Serbs in exchange for territorial concessions around Sarajevo. The Bosnian Serbs would also be allowed to join a confederation with Serbia.

Bosnia's Muslim-led government has firmly resisted any further concessions, and the United States has been reluctant to go along with such changes because they would punish the principal victims in the war and reward the aggressor.

But the Europeans say that reviving the life-and-strike strategy once the UN peace-

keepers would be safely removed from Bosnia would quickly lead to a nightmare situation, involving a confrontation among the major powers, civilian massacres and a serious escalation in fighting throughout the Balkans.

Besides the serious risk of casualties in extracting the 23,000 UN soldiers scattered through the Bosnian theater, the likelihood of an escalation of fighting between Serbs, Croats and Muslims following a removal of peacekeeping forces has convinced strategists in allied capitals that the situation could rapidly spiral out of control.

Neighboring countries, such as Albania, Greece and Turkey,

and major powers including the United States and Russia could find themselves sucked into supporting rival sides in a proxy war that the French foreign minister, Alain Juppé, warns "could set the Balkans ablaze tomorrow."

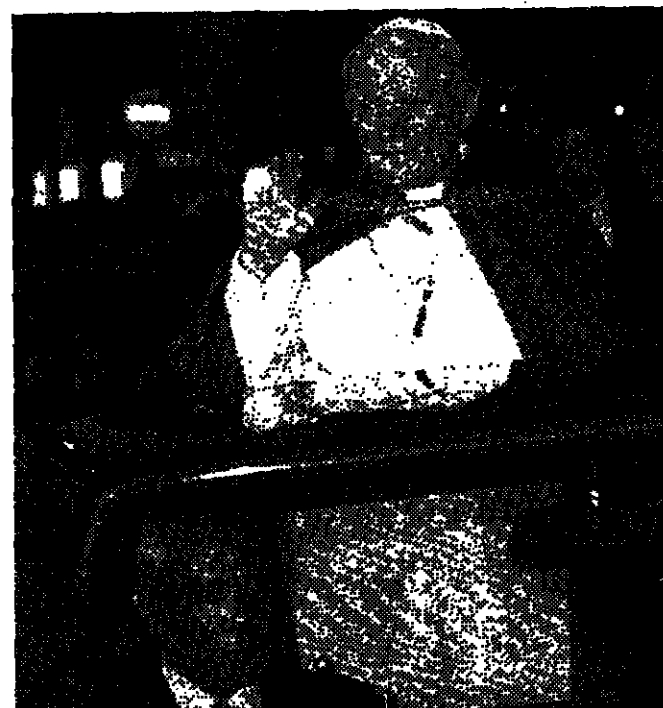
According to French, British and German officials, the first casualty in their doomsday scenario would be the effort to contain the war within the former Yugoslavia. As soon as UN troops withdrew, the officials say, the last restraints would come off the widely flouted arms embargo and there would be a fresh flood of weapons to all Bosnian belligerents.

On the ground, the Serbs would be tempted to launch all-out offensives to capture Sarajevo airport and the eastern Muslim enclaves before new supplies of heavy weaponry could tip the balance in favor of the larger Bosnian government army.

The United States would thus be compelled to rush to the aid of Bosnian government forces with massive air strikes against Serbian positions.

At that point, allied officials say, the war could take a dangerous turn by forcing Moscow to respond to America's support for the Muslims. The domestic political pressure on President Boris Yeltsin to increase military help for the Serbs, Russians' Slavic kin, would be overwhelming.

"If the United States lifts the arms embargo to help the Muslims and threatens air strikes against the Serbs after the UN troops are pulled out, the West will have a major crisis with Russia on its hands," a senior French official said.



Pope John Paul greeting well-wishers on Friday in Rome.

POPE: Women's Rights Backed

Continued from Page 1

is not sufficiently appreciated, is incalculable."

The Pope's messages on such broad issues are rarely directed at people from one particular part of the world, and he went out of his way on Friday to castigate societies that promote prostitution, which he called a "despicable trade," or which discriminate against girls from their earliest years onward.

He termed discrimination between boys and girls an "intolerable custom" and said that if "girls are looked down upon or regarded as inferior, their sense of dignity will be gravely im-

paired and their healthy development inevitably compromised."

The main thrust of his message was to enjoin women to take a lead in promoting peace at a time when, the Pope said, "not just individuals but whole groups seem to have lost any sense of respect for human life."

"We are speaking of outrageous and barbaric behavior which is deeply abhorrent to the human conscience," he said, using language similar in tone to his condemnations of fighting in Bosnia, Rwanda and elsewhere.

EU Summit Focuses On Easy Issue: Transport

By Tom Buerkle

International Herald Tribune

ESSEN, Germany — European Union leaders called Friday for a major increase in spending on cross-border roads and railways to support the recent economic upswing into a permanent lifting of the bloc's competitiveness.

The initiative neatly sidestepped a long-running fight over infrastructure financing by drawing on two new sources of funds: budget contributions from Austria, Sweden and Finland, which are to enter the Union in January, and increased revenues resulting from the faster-than-projected economic recovery.

This "mammoth" as a French spokesman described it, was a gift the leaders were clearly happy to seize at the opening of a two-day summit meeting here. The meeting participants achieved consensus by sticking to agreed-upon but limited formulas for stimulating jobs and paving the way for Eastern European countries to enter the Union around the end of the decade. It was a safe strategy that suited many of the leaders, who face deep political difficulties at home.

Chancellor Helmut Kohl of Germany, who stressed the need for economic renewal by holding the meeting in this industrial Ruhr Valley city, told his fellow leaders that they should not give way to "Euro-pessimism." The Union had contributed to 50 years of peace in Europe, he said, and had rebounded from a previous period of gloom in the economic crisis of the early 1980s.

None of the leaders was eager to make waves, though, and the climate of modest European ambitions was underscored by the support given a call by Prime Minister John Major of Britain for stepped-up efforts to fight fraud in the EU budget, one of the few European areas where he can count on full support from Britain's Conservative Party.

In a rare display of emotion, the leaders warmly applauded Mr. Major and Albert Reynolds, the lame-duck Irish prime minister, for their efforts to bring peace to Northern Ireland. Mr. Major said that the peace process was entering its most difficult phase and that economic development was needed to demonstrate that peace would improve daily life in Ulster. The leaders endorsed 300 million European currency units of aid to that end.

On infrastructure, the leaders committed themselves to beginning work by the end of 1995 on 14 transportation projects, including high-speed rail lines linking Paris with Berlin and London with continental capitals, as well as eight electricity and gas projects linking the Union with Eastern Europe and North Africa.

The EU executive commission, which was rebuffed earlier this year when it suggested floating Eurobonds to finance the projects, said it could increase spending on the projects over the next five years to 3.1 billion currency units from 1.9 billion. The extra money, which must be approved by finance ministers at a separate meeting next week, stems from budget payments of new members and the tax windfall from growth that is accelerating toward 3 percent in 1995.

The strategy for Eastern Europe, which was endorsed after little discussion, will set the stage for the leaders' first annual gathering with their counterparts from Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania on Saturday.

Mr. Dudayev's troops in a key battle late last month. After the opposition's defeat, Moscow massed troops around Chechnya, but it has not moved them into the region. Russian warplanes, however, have bombed Grozny, and Russian intelligence agents have recruited soldiers to fight the government of Mr. Dudayev.

Moscow insists that the Caucasus Mountains republic renounce its declaration of independence, a demand Chechen authorities reject.

Hundreds of Chechen men from surrounding mountain villages have converged on Grozny to join militia groups formed to defend Chechnya, *Itar-Tass* reported.

"Calls for peace and tranquility remain mere calls when people learn about the Russian troop buildup on the republic's borders and hear bombers buzz above their heads," the news agency said.

Many Grozny residents have sent their families to the countryside. (AP, Reuters)

TELEKOM: Chairman's Resignation Surprises Bonn

Continued from Page 1

workers," said the Telekom spokesman, Stephan Althoff. The Frankfurter Rundschau, in an editorial to be published Saturday, said Mr. Ricke's resignation after four years on the job unsettled both Telekom employees and international investors at a time of internal turmoil.

Bonn sources said Mr. Ricke's resignation reflected his disappointment with the government's decision this week to place several government officials on the board of the company, which assumes the legal status of a joint stock company on Jan. 1 in the first step toward eventual privatization.

"The post minister is responsible for the disaster," said the

Rundschau. "He set Telekom ever shorter deadlines to prepare for full competition but made free decisionmaking impossible with political interference like the occupation of the supervisory board."

Wilhelm Praellmann, a member of the management board, will act as Telekom's managing director until the supervisory board that Mr. Ricke criticized names a successor.

The coming year is expected to be difficult for the company, which says it will lay off 30,000 workers.

While Telekom has been making great strides toward increasing efficiency and customer service, industry observers say it has a lot of work to do and little time in which to do it.

Telekom is scheduled to lose its monopoly on local voice services in 1998.

Indeed, Dresdner Bank AG, the bank entrusted with the placement of Telekom shares with the public, does all its long-distance business with Sprint, while Commerzbank AG, another big German bank, uses an AT&T partner named WorldCom and Deutsche Bank AG, the biggest German bank, is a partner in a venture to sell corporate communication networks of its own.

Joachim Kröske, the Telekom board member in charge of finances, has meanwhile called the company's planned 15 billion Deutsche mark (\$10 billion) initial public offering next year "existentially important."

RELIGIOUS SERVICES

<p>AMSTERDAM CROSSROADS INTERNATIONAL CHURCH (English language) meets at English-Frisian Church (Kruiswegstraat, 101) on Wednesdays, 8 p.m. to 10 p.m. Tel: 020-610-1331 or 020-610-1332.</p>	<p>THE EPISCOPAL CHURCHES OF EUROPE (Anglican) PARIS and SUBURBS THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun. 9 a.m. to 10:45 a.m. Sunday School for children and Nursery. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel: 331 47 20 17 92. Metro: George V or Alma Marceau.</p>	<p>BREMEN INTERNATIONAL BAPTIST CHURCH (English language) meets at English-Frisian Church (Kruiswegstraat, 101) on Wednesdays, 8 p.m. to 10 p.m. Tel: 020-610-1331 or 020-610-1332.</p>	<p>WATERLOO Waterloo Baptist Fellowship Worship 1400 at Sweden Church, Chalmers de Chalmers 2 across from the station. Tel: 0224-222076.</p>
<p>KIEV INTERNATIONAL CHRISTIAN ASSEMBLY (ICCA), an Evangelical church, meets at the International Christian Assembly, 1020 3rd Ave., Kiev. Tel: 044-244-3376 or 3302.</p>	<p>FLORENCE ST. JAMES CHURCH, Sun. 9 a.m. to 11 a.m. and 11 a.m. to 12 p.m. Tel: 3955 29 44 17.</p>	<p>BUDAPEST INTERNATIONAL BAPTIST CHURCH, 1020 3rd Ave., Budapest. Tel: 331 47 20 17 92.</p>	<p>ZURICH INTERNATIONAL BAPTIST CHURCH of Switzerland (English language), 8820 Wädenswil, Zurich. Tel: 022-724 2882.</p>
<p>PARIS and SUBURBS EMMANUEL BAPTIST CHURCH, 88 rue des Bains-Français, Paris 13th. Tel: 01-43 55 11 11.</p>	<p>GENEVA EMMANUEL BAPTIST CHURCH, 14, 3rd & 5th Sun. 11:45 a.m. and 6:30 p.m. Monday-Friday: 8:30 a.m. and 6:30 p.m. Tel: 022-26 55 11.</p>	<p>BRUSSELS/WATERLOO ALL SAINTS CHURCH, 1st Sun. 9 a.m. to 11:15 a.m. and 11:15 a.m. to 12 p.m. Tel: 3955 29 44 17.</p>	<p>BERLIN AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Str. 5:30 a.m. to 7:00 a.m. Tel: 030-8120221.</p>
<p>TOKYO ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Itoya Station, Tel: 3201-3340. Worship: Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel: 3201-3340.</p>	<p>WIESBADEN THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Evangelical. Tel: 49-611-306574.</p>	<p>BARCELONA FAITH FELLOWSHIP INTERNATIONAL meets at 9:30 a.m., Ronda Nova Baptist Church. Tel: 33-93-5059.</p>	<p>STOCKHOLM IMMANUEL BAPTIST, Worship Christ. In Swedish, English, or Korean. 11:00 a.m. Sunday. Tel: 08-734 11 11.</p>
<p>UNITARIAN UNIVERSALISTS The Rev. Art Lasser from the UK will preach on the theme of "Unity and Diversity" at the UNITARIAN UNIVERSALIST WORSHIP SERVICE, Sunday, December 11, 12 noon. Foyer de l'Ami, 16, rue du Pasteur Wagner, Paris 11th. Tel: 33-1-46 33 77 77.</p>	<p>BRATISLAVA Bible Study in English, Palisady Baptist Church. Tel: 42-77-99-77.</p>	<p>MOSCOW INTERNATIONAL BAPTIST FELLOWSHIP, 1100, Kirov Street. Tel: 007-095-2525.</p>	<p>VIENNA VIENNA COMMUNITY CHURCH, Sunday worship at 11:30 a.m. Tel: 01-46 33 77 77.</p>
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NUCLEAR: Americans Help Ukrainians Phase Out

Continued from Page 1

ings and over dinner. After initial hesitation on both sides, he said, the program has evolved into a stark illustration of the changing relationships in the post-Cold War era.

"We are as surprised as they are at how things are moving very quickly to a new world," Mr. Connell said. "Everyone was a little bit wary at first. But we're developing a good sense of bonding."

Kiev, Washington and Moscow reached an agreement in January that allowed for the dismantling of Ukraine's 176 intercontinental ballistic missiles ahead of Kiev's formal ratification of the nonproliferation treaty. The missiles — 130 SS-19s and 46 SS-24s — carried about 1,800 nuclear warheads.

So far, the Ukrainians are ahead of schedule in shipping warheads to Russia for destruction, with 360 sent so far, Pentagon officials said.

A senior Pentagon official said the work at Yuzhnoye marked the first time Washington had contracted with a military plant in the former Soviet Union to destroy nuclear arms.

After shutting back and forth between Yuzhnoye and Washington, American experts and Vladimir Sokol, the deputy of the Yuzhnoye Design Office, agreed on the techniques to be used in destroying the fuel. Five engineers from Morrison-Knudson Corp., an Idaho-based contractor, were assigned to work with the Ukrainians.

The two teams are now ready to start on the renovation of the

building, which is littered with junk metal. The shells of the rockets, which were drained of their fuel at missile sites, will be lifted by crane into a huge chamber to be constructed inside the building. A steam process will separate the remnants of the fuels in the shells — heptyl and amyl — from the metal, allowing the resulting residue to be incinerated and the remaining water to be purified.

"It's a bit like a perfume bottle: you empty it, but the scent still lingers," Mr. Shevchenko said, describing how residual fuel clings to the shells even after they've been emptied.

China Theater Blaze Kills More Than 300

Deadliest of Wave of Fires Raises New Doubts About Safety

Washington Post Service
BEIJING — Locked emergency exits might have prevented the escape of more than 312 schoolchildren who died in a fire that swept through a theater in China's northwestern province of Xinjiang, local officials said Friday.

About 800 children aged 6 to 14, from local primary and middle schools, had come to the Friendship movie hall to stage a cultural performance for local leaders and teachers, an education official said.

The blaze broke out in the middle of the performance on Thursday, perhaps as a result of electrical problems. Many of the children were found crowded near the sole open exit, burned beyond recognition, news agencies reported.

Two hospitals reported admitting more than 225 persons who had been injured in the fire.

The disaster, the latest and most deadly in a series of fires that have recently hit China, raised new questions about the adequacy of the government's fire prevention and safety standards. Official reports have said that the number of serious fires has risen this year. By September, fires had killed 1,325 people nationwide, according to official figures.

Many of the catastrophes have taken place at overcrowded theaters, dance halls and bars.

After the fire on Thursday in the 45-year-old brick and concrete theater, the State Council, China's cabinet, issued an emergency directive ordering immediate fire-prevention inspections nationwide. Businesses that fail to meet fire safety standards will be shut down, the directive said.

The rapid pace of development has worsened the problem of fire safety. As the economy steams ahead at double-digit growth rates, almost every city has taken on the appearance of a construction site. Yet the pace of construction appears to be outstripping the ability of government to monitor and regulate fire precautions.

Architects who have worked in China say that many areas suffer from lax fire codes and fire safety procedures. In places, there are no fire safety standards in the building codes for new structures. If there are standards, they are rarely enforced.

In older buildings, electrical wiring is often overloaded by new appliances. And in some residences, people still make fires inside using coal to cook and keep warm. Even in new buildings, the risk of fire is heightened by the high proportion of Chinese citizens who smoke cigarettes.

Many of China's worst fire disasters appear to have been preventable.

On Nov. 15, a fire in a nightclub in

northeastern Jilin Province killed two people and damaged an adjacent provincial museum. Officials accused the owners of the nightclub of lax safety precautions. The museum had no fire extinguishing system in place.

On Nov. 27, a burning newspaper tossed onto a sofa at a birthday party transformed a dance hall in northeastern Liaoning Province into an inferno in which 233 young revelers were killed and 16 were injured. The recently renovated building had only a single narrow exit, and most of the victims died of smoke inhalation.

Three days later, 11 people were killed and 38 were injured in a hotel fire in coastal Shandong Province. It took nearly 100 fire fighters an hour to bring the blaze under control.

Many of the worst fires have been in factories or in factory dormitories housing workers. Four such fires took place in late 1993, prompting government calls for improvements in industrial safety.

On Nov. 19, 1993, a fire caused by an electrical short-circuit in the Sino-Hong Kong joint venture toy factory in southern Shenzhen killed 84 workers, including 79 who suffocated because of poisonous gases. In that case, like the fire Thursday night, emergency exits were locked.

—STEVEN MUFSON



PEACE MARCH — Street actors joined a rally in Colombo on Friday called to press Sri Lanka and the Tamil rebels to find a peaceful solution to their war. The march was organized by 40 nongovernment organizations.

Stamp Diplomacy

Pleases Japanese

'Sincere Respect' for U.S. Reversal

By T.R. Reid
Washington Post Service
TOKYO — The postage stamp imbroglio that had threatened to reignite lingering World War II resentment on both shores of the Pacific has turned out instead to be a big plus for U.S.-Japanese relations, relieved Japanese officials said Friday.

The U.S. decision to cancel a planned stamp that depicted the atomic bomb's mushroom cloud rising over a Japanese city has brought widespread praise and gratitude from Japanese leaders.

Just a week ago, when the stamp was announced, they denounced the United States.

"We are grateful for this decision," Prime Minister Tomichi Murayama said of the cancellation. The Japanese, he said, "sincerely respect" the United States for giving "real consideration to the feelings of the people of Japan."

Officials in Hiroshima and Nagasaki, the two cities hit with atomic bombs in August 1945, also expressed gratitude to President Bill Clinton and the United States for responding to Japanese complaints that a mushroom cloud stamp would be insensitive and "heartless."

Hiroshi Harada, director of Hiroshima's atom bomb museum, said the conciliatory step might well make Hiroshima more inclined to cooperate with the Smithsonian Institution and other U.S. organizations planning to commemorate the 50th anniversary of the end of the war.

When the stamp was first announced, Mr. Harada had indicated that Hiroshima might not cooperate with the Smithsonian on its planned Washington exhibit.

Banner headlines in most Japanese newspapers Friday reported the U.S. turnaround.

Some reports compared the decision to the speech former President George Bush gave on the 50th anniversary of the Pearl Harbor raid, in December 1991. "I have no rancor toward Japan," he said, a statement that was praised here as the height of statesmanship.

The mushroom cloud stamp was designed to be one of a set of 10 World War II commemoratives to be issued next year. Japanese responded bitterly to the idea that the victims' suffering would be recalled on a stamp.

"Beneath that mushroom cloud," Nagasaki's mayor, Hiroyoshi Motoshima, said last week, "hundreds of thousands of noncombatant women and children were killed or injured."

It would be "heartless," he added, to issue a stamp featuring this "indiscriminate massacre."

The protests from Japan fell on receptive ears in America. State Department officials, White House officials, Mr. Bush, and the Veterans of Foreign Wars said they could understand why Japan felt the atomic bomb was not an appropriate image for a stamp.

Accordingly, Postmaster General Marvin Runyon announced that the stamp would not be printed.

Instead, the commemorative set will include a portrait of President Harry S. Truman announcing the end of the war.

China Solidifies Ties With Former, and Still-Nervous, Foes

By Steven Mufson
Washington Post Service

BEIJING — Despite widespread fears that a fast-changing China will try to flex its muscles in Asia, China is strengthening political, military and economic ties with former enemies on its borders.

In the last 45 years, China has fought wars against Russia, India, Vietnam and South Korea. It has exchanged mortar attacks with Taiwan and was suspected of aiding an Indonesian communist insurgency.

As China's economy and national pride grow, its neighbors have become increasingly nervous that a stronger China will try to dominate the region.

"In the U.S. judgment, China's military development does not pose a threat, but that's not the view of China's neighbors," said a U.S. Defense Department official, who added that many Asian countries had appealed to the United States to maintain a security umbrella over parts of the region.

Those fearful of the future have cited several ominous signs: Chinese military exercises on the coast near

Taiwan; the continuation of nuclear weapons tests every six months; Chinese stubbornness over negotiations on Hong Kong, and gunboat diplomacy earlier this year in a dispute with Vietnam over the Spratly Islands.

In the last four months, however, China has signed peaceful-cooperation accords with all its former adversaries in an effort to ease Asian anxieties. President Jiang Zemin has traveled to Moscow, Jakarta and Hanoi. Prime Minister Li Peng went to South Korea, and Defense Minister Chi Haotian visited India, a former foe.

China says the flurry of diplomacy is consistent with the foreign policy pursued since Deng Xiaoping took power here in 1978. Mr. Deng has sought to soothe relations with China's neighbors as well as with the United States so China is not distracted from the task of economic development.

"Ever since China initiated the policy of reform and opening up, when China made as its central task economic development, China has stood for sound relations with its neighbors to create a peaceful environment," a Foreign Ministry spokesman said.

Indeed, although China's military budget has increased substantially in recent years, it has dropped as a percentage of state expenditures as other areas get top priority.

Many analysts hesitate to credit China with too many good intentions for the recent diplomatic flurry.

Beijing sought better relations with neighbors so as not to be distracted from economic development.

"One of the things that ties it all together is the desire of leaders, particularly of Jiang Zemin, to build up his image through the glad-handing and the television coverage," said Richard Margolis, former political adviser to the Hong Kong governor and a political analyst for an investment banking house. Mr. Jiang has also visited Kazakhstan, France, Singapore and Malaysia in the past four months.

"When political credibility is hard to come by," Mr. Margolis said, "being able to be presented as a great statesman shaking hands and having contacts with leaders of the rest of the world is seen by Jiang as a useful means of building himself up."

Others note that China might be acting in its own interests in an effort to head off a regional arms race. That is a race China might have trouble keeping up with — especially if it included Japan.

"The message has gotten back to China about concerns about their militarization and their long-term capabilities," said Michel Oksenberg, president of the East-West Center in Hawaii. "They're trying to alleviate those concerns. They don't want to stimulate an arms race."

The symbolism of some recent diplomatic moves is striking.

In September, Mr. Jiang traveled to Moscow for the second time in 17 months. He and President Boris N. Yeltsin of Russia signed an economic cooperation pact and agreed to stop targeting their nuclear weapons at one another.

They also initiated an accord settling a dispute over a 34-mile (55-kilometer) section of the Chinese-Russian border, a small strip, but the accord was symbolic of improvements in relations since the 1969 border skirmishes that resulted in several hundred deaths.

Previous visits by Chinese party chiefs to Moscow have not always gone so well. Mao Zedong visited the Soviet Union in December 1949, and for several days Stalin did not even acknowledge his presence.

By contrast, Mr. Jiang received red-carpet treatment, meeting Prime Minister Viktor S. Chernomyrdin, Mr. Yeltsin and the chairman of the Duma, the lower house of Parliament.

Days later, Mr. Chi became the first defense minister in four decades to visit India. In 1962, China fought a border war with India. Relations remained tense for years, and China has been a major weapons supplier to India's regional rival and sometime enemy, Pakistan. But last year, the world's two most populous nations took steps to reduce military tensions along their border.

Nice Neighbors, 'Most Wanted' Fugitives: Hard to Reconcile

By John Kifner
New York Times Service

PITTSBURGH — The man who called himself Greg Peters and the woman known as Jo Elliott went to some of their friends and neighbors a week ago, people they knew from cookouts, favors done and repaid, Halloween trick-or-treating with their children, and said there was something they just had to tell them.

They were on the FBI's "10 Most Wanted List."

In reality, they were Claude Daniels Marks, 45, and Donna Jean Willmott, 44, who lived near each other in the Squirrel Hill neighborhood.

They had been in hiding for nine years from federal charges that they had been part of a plot to blow up the maximum-security prison in Leavenworth,

Kansas, land a helicopter in the confusion and spring a leader of a Puerto Rican nationalist group known as the FALN, a Spanish acronym for the Armed Forces of National Liberation.

"Terrorist," the wanted posters say in big letters. "Do not approach — armed and dangerous."

Neighbors on two quiet, middle-class streets of Squirrel Hill have been stunned by the news that the people they knew as doing parents, helpful friends and community volunteers had turned themselves in on Tuesday to the federal authorities in Chicago after nearly a year of negotiations, hoping to win reduced sentences.

Some neighbors have been writing letters in their support. "We were stunned, totally," said Janine Stern, when Mr. Marks told her and her husband, "It was very difficult to digest."

"We wondered what could be so serious. Then he just started telling us, 'I've been on the run, living under an assumed name,'" said Mrs. Stern, an artist who lived across the street from the modest house where Mr. Marks lived with his wife, Diana Block, known here as Pat Hoffman, and their two children.

The two fugitives and their families had moved earlier to Chicago.

"We were weighed down by the news," Mrs. Stern said. "It was almost a dream, something you would read or see in a movie. When I looked at him, he was still the Greg that I knew, not this Claude Marks."

Fred Orlansky and Liz Evans were stunned, too. They live a few doors up from the apartment Donna Willmott rented with her husband, Robert

McBride, known here as Tim Anderson, and their daughter, who just turned 4.

"They were very nice neighbors, caring and compassionate," said Mr. Orlansky. "If you picked anyone on the street you would think was a former terrorist, they'd be right at the bottom of the list."

Liz Evans remembered how the woman she knew as Jo Elliott fixed her chicken noodle soup when she was sick the night Mr. Orlansky's father died. "She stayed the whole time, she fed me, held my hand, she was there."

On Thursday morning, an FBI agent was knocking on doors along Kennebec Street, asking neighbors said, whether Ms. Willmott, who had worked as a doctor's assistant, enjoyed "a lavish lifestyle."

But the neighbors remembered a petite, red-haired woman who answered phones at the AIDS information hot line and

organized holiday parties, picnics and outings for families of AIDS-infected and HIV-positive children.

"Jo Elliott — I'll continue to call her that — did a lot of good here," said Mike Neal, head of the Pittsburgh AIDS Task Force. "Donna Willmott I don't know."

The government says the two former fugitives were members of the Weather Underground, the violence-prone splinter of the radical Students for a Democratic Society at the end of the 1960s.

They are charged with buying and transporting explosives in 1985 as part of a plot to help a convicted Puerto Rican terrorist, Oscar Lopez, break out of jail.

The two are now in federal custody in Chicago. Several people here have begun writing letters seeking clemency to a federal district judge, William Hart, who is to hold a hearing on the case on Tuesday.

QUEST FOR THE PRESIDENCY 1992

By Peter Goldman, Thomas M. DeFrank, Mark Miller, Andrew Murr and Tom Mathews. 742 pages. \$29.95. Texas A&M University Press.

Reviewed by
Godfrey Hodgson

BY a consummate historical Birony, this account of the 1992 presidential campaign, published immediately after the 1994 midterm elections, records that in June 1992 Governor Mario Cuomo of New York privately urged candidate Bill Clinton to work closely with the Democrats in Congress.

"If you don't do this," Cuomo told Clinton in a phone conversation, "you'll lose." Clinton's "handlers," the authors record, didn't like the idea of a Democratic presidential candidate working closely with congressional Democrats. "It potentially puts us in bed with the bad guys," wrote Clinton's shrewd pollster, Stan Greenberg.

In another memo for Clinton, Greenberg spelled out how Clinton's campaign must begin with the assertion that government has failed people. "That starting point," he argued, would enable the campaign to establish Clinton as an outsider.

Less than 18 months later, Cuomo has been defeated. The voters have administered a stinging horsewhipping to Clinton, apparently identifying him as an insider in just that corrupted government that had failed to "put the people first."

And the man who was persuaded by his advisers not to get into bed with those "bad guys," the Democratic leaders in Congress, now finds himself dependent on the tender mercies of such "worse guys" as Senator Bob Dole and Representative Newt Gingrich. Those who live by the sword, die by the sword.

Of course it must all seem monstrously unfair to Clinton and his advisers. The outrage Greenberg perfectly accurately observed among the voters against government's failures in 1992, and in particular its failure to help less well-off Americans, has fallen on the shoulders of a president who was trying to change direction. If the president failed to deliver on his legislative program, that was more the fault of the Republicans who blocked everything he was trying to do.

If there are any Clinton Democrats who are tempted to console themselves by some such arguments as those, however, they should pause and think again. For as this thorough and thoughtful account of the 1992 campaign by a team of experienced political reporters from Newsweek magazine reminds us, some of the failures of American government are direct consequences of what has happened to American politics.

Clinton in the White House has been punished for the way he posed as an outsider in the campaign by being treated as an outsider on Capitol Hill, so that he could not achieve his goals. For all his efforts not to appear "political," Clinton's effort to identify himself with popular anger with "Washington" was demagogic, and his punishment

fits the crime: Now he is at the mercy of new waves of pseudo-outside players playing the same cynical anti-government card.

Something is rotten in the political Denmark, to judge by this excellent account of the 1992 campaign. Goldman and his colleagues have done the state some service by illuminating the cynical manipulation that now passes for political discourse in American presidential campaigns. Who, having watched Campaign 1994, imagines that Campaign 1996 will see a return of the ancient virtues?

Godfrey Hodgson, director of the Reuter Foundation Program for Journalists at Oxford University, wrote this for The Washington Post.

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More Trouble in Italy

The abrupt resignation of a Milan magistrate who has spearheaded the investigation into corrupt ties between business and politics will deepen Italy's political crisis. The magistrate, Antonio Di Pietro, had been pressured by leading politicians and businessmen, most notably Prime Minister Silvio Berlusconi, to limit his inquiries.

Other magistrates quickly asserted that the investigation would proceed. Unless it does, Italians' already low faith in their political institutions is sure to take another tumble.

Last month, Mr. Di Pietro began an investigation into Mr. Berlusconi's own involvement in payoffs by his media conglomerate, Fininvest. On Tuesday, the magistrate asked a court to impose a 10-month jail sentence on Umberto Bossi, head of the Northern League, which is part of Mr. Berlusconi's coalition government along with the National Alliance, a party of latter-day fascists.

The right-wing coalition rode to power earlier this year on a wave of voter revulsion against the corrupt old guard of Cold War Italian politics. Now, however, Mr. Berlusconi finds himself under investigation for bribes allegedly paid to government tax agents by companies he

owns in return for favorable audits, a charge he denies. Allegations against the Berlusconi conglomerate include bribes to secure television ads for its three commercial channels, kickbacks in exchange for broadcast frequencies, and payoffs for construction contracts. Mr. Bossi is accused of accepting an undeclared campaign contribution of \$125,000 from the Ferruzzi company. He denies this.

Magistrates have used intensive interrogations and pretrial detention, permitted under Italian law, to uncover extensive wrongdoing, known to Italians as Tangentopoli, or "Bribeville." Mr. Berlusconi had earlier tried, without success, to end such prosecutorial practices.

Politicians and businessmen caught up in the widening scandal have also accused the magistrates of waging a political vendetta. They have pleaded for sympathy, citing the suicides of 20 suspects. Businessmen have also tried to shift blame for the bribes by accusing politicians of extortion. But wherever the fault lies in individual cases, Italy's growing middle class is fed up with the old way of doing business and sides with the magistrates. If the political class thwarts its hopes for reform, Italian democracy will end up the loser.

—THE NEW YORK TIMES

Tilting the Tax Burden

Republicans in the U.S. House of Representatives have won praise for the proposed structural reforms of the committee and caucus systems. But the proposal to require a three-fifths vote to raise income tax rates is a bad idea, both from the standpoint of parliamentary procedure and budget policy.

The Senate has institutionalized supermajority voting in its filibuster rule, and that alone should persuade Newt Gingrich and the other Republican leaders not to empower a minority in their chamber to block the will of the majority. Indeed, the House minority could thwart the Senate, too, because the three-fifths rule would apply to tax bills negotiated in House-Senate conference committees. The proposed rule would deliver an unprincipled blow to majority rule.

Also, the rule means that future budget cuts would come largely out of the pockets of low-income families. To see why, look at the Republican "Contract With America." It pledges to fill up a \$700 billion deficit hole before 2002. To do that, the Republicans would virtually rule out raising taxes and put the whole burden on spending cuts.

Spending cuts — on nutrition, health care, education, housing and welfare — will often fall heavily on low-income families. But a freeze on taxes will lock in the largest that Congress dispenses to well-off families, like tax subsidies on

mortgage interest for vacation homes and capital gains on stocks and bonds that investors bequeath at death. By tilting Congress away from tax hikes, the proposed rule would insulate wealthier citizens from paying their fair share of deficit reduction.

The rule could prove drastic. Would a three-fifths majority be needed to tax capital gains at death, for example? It could be argued that such a proposal would merely widen the base of the income tax — in other words, close a loophole. But Republicans could argue that the change represents a rate increase on previously exempt income. Apparently, the crucial issue of what constitutes a rate hike would be settled on a case-by-case basis by the House parliamentarian — appointed by the Republican leadership.

A bipartisan commission, led by Senator Bob Kerrey of Nebraska and John Danforth of Missouri, will vote next week on ways to cut federal entitlements. The options include taxing high-priced health insurance policies provided by employers, limiting itemized deductions, and modifying the home mortgage interest deduction. The proposed House rule could shield these options from review.

Besides threatening majority rule, the proposed rule builds a moral around the very families who can best afford to help put the government's books in order.

—THE NEW YORK TIMES

Witches in the Schools

Hidden Valley Elementary School in Alachua County, Florida, makes a big deal of Halloween. Each year the school is decorated for the celebration, special stories are read and, in the spirit of all this fun, the teachers dress up in costumes. But apparently there are Grinch-like forces more than one holiday.

In this case the spoiler was a parent, Robert Guyer, who not only kept his own children out of school for the day but sued county officials demanding that the annual party be permanently enjoined. It constituted, he said, an establishment of religion. On Monday, the U.S. Supreme Court refused to review the judgment of Florida trial and appellate courts in favor of the school board.

What religion, one might ask, is being fostered by these costumes and decorations? "Wicca," said Mr. Guyer, has an increasing number of followers and presumably is a threat to American children. He raised no objection to the portrayal of pumpkins or even ghosts. But he sounded a warning against witches, cauldrons and brooms, which are allegedly particularly significant to followers of "Wicca."

Those teachers who dressed as clowns, and even the one who came as Ronald Reagan, were unobjectionable. But the ladies in the long black robes and pointy hats, he claimed, were unconstitutional. So was a sign in the school cafeteria depicting a wand-waving witch asking "What's cooking?"

Lighten up, Mr. Guyer. This litigation is a case study illustrating the time-wasting burdens on the U.S. court system and the determination of some adults to micromanage the schools because of their own narrow fears. Shakespeare is being censored in some parts of the United States because parents think Romeo and Juliet set a bad example for adolescents.

Surely Halloween, the celebration that stretches children's imaginations, allows them to extort a mountain of candy and junk food and even encourages them to frighten adults, should be allowed on any day of the year. Let the kids enjoy it free from fear of "Wicca," plaintiff's lawyers and other goblins.

—THE WASHINGTON POST

Other Comment

The Case for a Larger NATO

Reasonable questions are being raised about NATO's continued relevance and future. They deserve careful responses. NATO's 16 members, led by the United States, insist that they intend to maintain the organization. What they seem to have trouble agreeing on is why.

The Czech Republic, Poland and Hungary all are eager to join NATO. All want the collective security NATO offers.

But what can't be overlooked is the unease among Russia's leadership that NATO's potential eastward expansion produces. If the Cold War is over and

Russia is no longer the enemy, Russia's top leaders ask, why enlarge NATO? The unspoken answer is that Russia's experiment with democracy may give way at almost any time to a revived authoritarianism with imperial ambitions. President Boris Yeltsin accuses NATO, with America in the lead, of seeking to redress Europe.

A compelling case for enlargement as something that serves the security interests of Europe — and of the United States — has not yet been made. Without it, it is likely that the doubts about NATO's purposes and its future will only grow.

—Los Angeles Times

Between Strategy and Therapy: The Russia Dilemma

By Stephen S. Rosenfeld

WASHINGTON — It is tempting to take Boris

Yeltsin's passionate objections to the expansion of NATO as a temper tantrum he is throwing to cool down Russian nationalists. Not so long ago, after all, he indicated that his government would sit still if Poland came aboard. But this is almost certainly too glib and sanguine a view of a development that, if not handled properly, has the potential not to bring back the Cold War but to sour the possibilities for American-Russian ties.

These days Russians look at NATO's approach to enlargement and see perhaps not just an enlargement but a betrayal. The NATO Partnership for Peace program of which they are a part; the new Washington club of Republican hard-liners; and President Bill Clinton's \$25 billion defense add-on. All this comes as they reel under a cruel domestic passage. Many believe that the United States is exploiting their distress for

its own strategic advantage. We Americans deny selfish or menacing intent. And we are right to. Bringing competent Central Europeans into NATO needs no apology. We do not mean Russia ill. But we do mean to comfort new democracies much discomfited — and for good reason — by being up close to a country, Russia, with an old record and conceivably a continuing taste for empire.

Here is the dilemma. Prudence demands that we give due deference to Russia's understandable aversion to seeing NATO's frontiers "approach the border" of Russia, as Mr. Yeltsin puts it. But sympathy and good faith drive us to offer the expanding club of democracies a NATO embrace, notwithstanding the sadder questions that Bosnia and much else raise about NATO guarantees.

One answer is to distinguish between Central Europe, composed of westward-looking na-

tions the Kremlin conquered and communized after World War II, and the 14 former non-Russian Soviet republics, which now constitute the new Russia's "near abroad." For Central Europe, recognition of their separateness and eligibility for NATO. For the near abroad, acceptance of Russia's traditional claim for a special position.

It's a neat distinction. At this late 20th-century moment, however, a public distinction — between a fully sovereign state competent to make its own decisions and a half-sovereign state living in a larger neighbor's shadow is strategically risky and politically unsustainable. If we offered Moscow such a grand compromise — we get NATO enlargement, they get a sphere of influence — President Clinton would be burned in effigy, and Ukraine would beg nuclear.

Aware of the danger of drawing a new line in Europe, the

American government looks instead to tailor special arrangements in the near abroad: an international peacekeeping presence in Armenia/Azerbaijan, unique security assurances for Ukraine (though not the NATO guarantee to which Ukraine aspires). These arrangements are meant to take into account Russia's legitimate concern along its border and the border states' concern for their own integrity.

In the American government, it is taken as a creditable ambition, not as a disavowal, that the United States wants to have its cake and eat it too. That is, it wants to enlarge NATO to fill a Central European security limbo and at the same time to keep alive a vision of an integrated Europe in which Russia will find its place. It is not an easy stretch.

As always in dealing with Moscow, the West is torn between roles as strategist and therapist. Strategy is simpler. Surely the West could, by being smart and careful over time, deal with Russia's perfectly reasonable insis-

tence that no NATO move diminish Russian security.

Therapy is the hard job. How to deal with the apparently widespread Russian perception that alliance enlargement is an anticipatory vote of no confidence in the prospects of Russian democracy? What to us is a strategic judgment is to them a moral verdict. For centuries, Russians, fearing they would not measure up, held themselves apart from the West. Now many want to be near the West but still fear they won't be accepted as measuring up. In this context arises the possibility of Russia closing up and going mean.

From Cold War, Mr. Yeltsin suggests, things could move to "cold peace." It could happen. The "nationalists" in Russia are almost everybody. They represent not a particular school of thought but a common search for a post-Soviet identity. They need to be talked to straight, not given lectures or, at least of all, sermons.

The Washington Post

The Ghost in the White House Is Fast Running Out of Time

By Anthony Lewis

BOSTON — In the month since the elections we have been waiting to see whether Bill Clinton could recover from the defeat and emerge a stronger person and president. As of now, the answer looks to be no.

Weakness and vacuity are what we see in the Clinton administration. It moves from day to day, empty of vision, a government without a design. Mr. Clinton himself seems more and more like Herman Melville's Bartleby the Scrivener, a dwindling, haunting presence in the White House.

There was a telling example of the way things are in the administration's change of policy last week on Bosnia. It gave up the effort to have NATO press the Serbian aggressors by serious attacks, giving way to British and French objections.

The New York Times published a detailed report on how the decision came about: It was proposed in a memorandum by the president's national security adviser, Anthony Lake, and "formally embraced at a meeting of the president's top advisers that neither Clinton nor Vice President Al Gore attended."

Mr. Clinton had approved the Lake memo, the report said, but he "was at his Camp David retreat and had been involved only sporadically in the Bosnian issue." So he hardly participated in the discussion of a decision that has fateful implications for resistance to aggression

and genocide in Europe and for the future of the Western alliance.

And then Secretary of State Warren Christopher, at a NATO meeting in Brussels, proclaimed that the alliance was in "wonderful shape." "NATO is going to make itself relevant to the future," he said. It had stronger structures to "help deal with crises like Bosnia at an earlier stage." Sure.

The truth is that the Clinton administration has no meaningful policy now on Bosnia, or on the other religious-ethnic-nationalist conflicts that menace Europe. And its policy on Russia, once its proudest boast, has been undone by President Yeltsin's increasingly nationalist stance.

All this is not just a bad patch for Bill Clinton in foreign policy. It is a frightening absence of American strategy and American will: the two factors that kept the peace in Europe for nearly 50 years.

On the domestic side there is a similar sense of emptiness. Does anyone count on Mr. Clinton to lead the fight against mean-spirited actions by Republican leaders in Congress? Can anyone detect in him commitment to a set of political values? There are values to defend at this time: values just as traditionally American as the ones the Republicans talk about. A commitment to civil liberties, for one. A concern for the underdog, for the stranger at the gates.

Immigration is a crucial example. A growing nativism is using legal and illegal



immigrants as scapegoats for economic troubles. Many Republicans in Congress are talking about a federal version of California's Proposition 187.

Last week The Washington Post carried a powerful article decrying the anti-immigrant movement. Was it by a Clinton administration official or some other leading Democrat? No, it was by William J. Bennett, the conservative Republican.

Since the election Mr. Clinton has made no effort to counter the radical Republican line that government is evil — no effort to remind Americans how much they need government. To the contrary, he has mimicked Republican ideas on budget-cutting and spending more on defense.

To write critically about the president is

not easy for me. He has done many good things, from Haiti to GATT, and has not had the credit he deserves. He has been savaged by a brutal opposition and by a press that even Newt Gingrich says has been "very tough on the president and on Mrs. Clinton."

But Bill Clinton faces a fundamental test now, and he is not meeting it. After the election, commentators said he might rally to smite the enemy like Harry Truman; how unlikely that prospect seems today. If he is going to be president, he has to pull himself together and make some major changes in his administration. I think he has no more than a month or two to convince us that he can govern.

The New York Times

Gingrich Has No Business on This Bosnia War Path

By Charles Krauthammer

WASHINGTON — Now

Newt Gingrich has lost his head over Bosnia too. Not content to let Bob Dole lead the charge of the light brigade into Balkan oblivion, Mr. Gingrich has turned hawk. He once took the hands-off view that Bosnia is a European problem. Now he not only sees it as an American problem but he has a three-point program to solve it.

Step 1: Get the UN protection forces out of Bosnia. A nice idea that will then allow us to wage war with great gusto, relieved of the worry of hitting UN soldier-hostages. But a few questions intrude. Who feeds the starving and besieged in Srebrenica, Gorazde and the other Muslim enclaves after the UN soldiers leave? Who keeps these enclaves from being overrun and their populations massacred? Who keeps Sarajevo alive when

the UN leaves and water, power and food are cut off?

Answer: (a) No one, or (b) American ground troops. Take your pick.

Step 2: Arm the Muslims. Another nice idea, three years too late. Who is going to stop the Russians from flooding the Serbs with weapons once the arms embargo is broken? For that matter, who is going to stop the Russians, the French and anybody else from arming Iraq and Libya and other outlaw states once we have shown that Great Powers can pick and choose embargoes?

And, most important, what happens to the Muslims in the months it will take to arm and train them? Will they be certainly not going to sit idly by. They will launch a pre-emptive offensive that will cost thousands more lives and per-

haps extinguish Bosnia for good. Who will bring that?

Which brings us to Step 3: Americans will. Massive U.S. air strikes — why, just the threat — will stop the Serbs cold. This faith in air power is touching considering that 40 days of intensive bombing could not get Iraq out of Kuwait; it took a ground invasion to do that. Yet Mr. Gingrich figures three to five days in Bosnia ought to do the trick.

And bomb what? Serbia? Belgrade certainly helped start this war but for months it has cut off the Bosnian Serbs and urged them to accept the Western peace plan. What is the logic of bombing the one Serbian party that is pushing for a peaceful settlement?

Who then to bomb? Why, the Bosnian Serbs. Mr. Gingrich would "paralyze [their] capacity

to function as a society." Problem is, they are not a functioning society in the first place. They are a scattered, agrarian population whose economy has ground to near zero. What do we do? Turn out the lights in downtown Pale?

The Gingrich bombing plan is classic post-Vietnam strategy: intervention on the cheap. No ground troops, no risk, short time span, large effects. This is childish fantasy. Once the war is Americanized, the risks are exclusively America's. Once Washington orders out the United Nations, it assumes responsibility for the Bosnian civilians. Once the United States arms the Muslims, it assumes responsibility for the conduct of the war. And once U.S. planes begin air strikes, America becomes a combatant.

At which point we Americans are back to where we were in Vietnam, 1964, committing ourselves to one side in an unwinnable situation. The only alternative then is the agony of a ground war or the humiliation of an abrupt exit.

Moreover, the Gingrich war path is not just bad foreign policy. It is bad domestic policy. It is never a good idea for Congress to run American foreign policy. It was not a good idea when the Democratic Congress tried to shred Ronald Reagan's in the 1980s. It is not a good idea for the Republican Congress to stage-manage Mr. Clinton's today.

Finally, apart from all else, this is bad politics. This whole venture into foreign policy is a huge,

Clarification

It has been brought to our attention that a passage in Dr. Christopher Lingle's opinion piece "The Smoke Over Paris of Asia Obscures Some Profound Concerns" in the October 7, 1994 issue of the International Herald Tribune could be read by some as suggesting that Mr. Lee Kuan Yew had sought to suppress political activity in Singapore by bankrupting opposition politicians through court actions in which Mr. Lee relied on a compliant judiciary to find in his favor without regard to the merits of his case.

This was not our intent and we do not associate ourselves with any such view which we accept would be unfounded. We apologize unreservedly to Senior Minister Lee Kuan Yew and to the Singapore judiciary.

needless distraction for the Republicans. They were not elected on Nov. 8 to save Bosnia, which is beyond saving. They were elected to fix America, which is, as yet, not beyond fixing. Their mandate to govern was won on a domestic agenda. There is a window now open for the Republicans to enact it. To squander that opportunity on foreign adventures, and on an adventure that promises nothing but grief, is simply crazy.

Washington Post Writers Group

Liberalism Is Alive and Much in Need

By Theodore C. Sorensen

NEW YORK — Reports of the death of American liberalism are greatly exaggerated.

True, on Nov. 8 the electorate and new majority party moved sharply to the right. True, politicians in both parties shrink from any use of the L-word except to denounce it, and pundits of every ideological stripe now note — or celebrate — its demise.

If liberalism is defined as its detractors would define it — as a simple-minded political philosophy that endorses reckless government spending, shameless personal conduct, toothless responses to crime and a spineless foreign policy — then that philosophy has a barely perceptible pulse in American political life.

But that has never been the true meaning of liberalism. The liberal mind is (or should be) the liberated mind — liberated from prejudice, hatred and cant, open to new ideas and solutions, neither permanently tethered to the dead hand of the past nor rigidly fettered to any faction or fortune.

The liberal's commitment is to better government, not bigger government; to enlightened change, not the status quo; to the politics of hope, not the politics of pork. Genuine liberals, in the original sense of the term, do not believe that government, big or small, centralized or local, can or should solve every problem or shoulder every task.

Liberals have always led the battle against unwarranted government interference with liberty,

free speech, a free press and other basic freedoms.

Today, liberals, unlike their detractors, lead the battle against unwarranted government intrusion into matters of privacy and prayer. But they have not abandoned the belief that government — if honest, efficient, democratic and representative — can facilitate, not obstruct, the improvement of economic, educational and human conditions.

The liberal tradition, thus properly understood, represents the very antithesis of the 1994 election campaign. In theory, both a political campaign and the liberal approach call for the presentation and debate, the winnowing and sifting, of alternative public policy proposals.

But the typical campaign waged by candidates from either major party is concerned with what is popular, while liberalism is concerned with what is right. Campaigns now deal largely in headlines and slogans, while liberalism rests on full-blown ideas. Campaigns are all about tactics and image. Liberalism dwells in the realm of the strategic and factual. Campaigns are financed by special interests. Liberalism's only guiding star should be the national interest.

This year's election campaign belabored symptoms — crime, violence, teenage pregnancy, illiteracy and economic malaise.

Liberals look for underlying causes and remedies.

Overall, the campaign focused on the great harm done by bureaucrats. Liberals still believe that great good can be done by public servants.

Authentic liberalism — the liberalism of Jefferson and Lincoln, Wilson and the two Roosevelts, Truman and Kennedy — lives on. But let no one pretend, in the face of the election results, that it is thriving. Whatever excuses are offered about low voter turnout and a poisoned atmosphere, the fact remains that the people spoke and rejected liberal programs and projects of the past.

Now we must apply anew the principles of the liberal mind to search for new progressive, acceptable, democratic solutions to new problems, difficult problems: persistently stagnant pay scales and living standards; crumbling public infrastructure; pervasive parental concerns about the safety, health, education and future job opportunities of their children — problems that will not be solved simply by tax cuts, term limits and the electric chair.

To find those new solutions, the need for an open, searching mind, the liberal mind, is greater than ever before.

The writer, a lawyer, is the 20th Century Fund's new chairman. This essay was excerpted by The New York Times from remarks to the Fund's 75th-anniversary dinner.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Metal Butterfly

NEW YORK — The airplane invented by Secretary Langley, of the Smithsonian Institute, was tested yesterday [Dec. 8] in Virginia. It rose against the wind and sailed for some distance. The apparatus resembles a big butterfly. The body is of aluminum and floats on wings and is propelled by revolving screws. Aerial navigation has been accomplished, and not later than 1895 we will see an air-ship mail line between Washington and San Francisco.

1919: Help the French

PARIS — [The Herald says in an editorial:] American businessmen certainly realize that unless they, individually and collectively, help the French to tide over the present crucial period, American exports will fall off, because the French will begin to import from

other countries where the rate of exchange is less onerous, and to restrict drastically their imports from America. The remedy, in fact, lies in the hands of the peoples concerned, not in the hands of their governments.

1944: A Christmas Fine

WITH THE 8TH UNITED STATES INFANTRY DIVISION, Germany — [From our New York edition:] There is a \$65 fine awaiting any American G.I. who says "Merry Christmas" to a German civilian. Lieutenant Colonel Richard C. Croft wanted to day [Dec. 9]. Croft was approached by a delegation of young German women who asked that the strict non-fraternization rules be relaxed Christmas Day. "The same rules will apply to the Yuletide as any other day — and that's a \$65 fine for talking to enemy civilians," Croft said.

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58	25%	W&S			55%	23%	25%	25%	25%
59	25%	W&S			55%	23%	25%	25%	25%
60	25%	W&S			55%	23%	25%	25%	25%
61	25%	W&S			55%	23%	25%	25%	25%
62	25%	W&S			55%	23%	25%	25%	25%
63	25%	W&S			55%	23%	25%	25%	25%
64	25%	W&S			55%	23%	25%	25%	25%
65	25%	W&S			55%	23%	25%	25%	25%
66	25%	W&S			55%	23%	25%	25%	25%
67	25%	W&S			55%	23%	25%	25%	25%
68	25%	W&S			55%	23%	25%	25%	25%
69	25%	W&S			55%	23%	25%	25%	25%
70	25%	W&S			55%	23%	25%	25%	25%
71	25%	W&S			55%	23%	25%	25%	25%
72	25%	W&S			55%	23%	25%	25%	25%
73	25%	W&S			55%	23%	25%	25%	25%
74	25%	W&S			55%	23%	25%	25%	25%
75	25%	W&S			55%	23%	25%	25%	25%
76	25%	W&S			55%	23%	25%	25%	25%
77	25%	W&S			55%	23%	25%	25%	25%
78	25%	W&S			55%	23%	25%	25%	25%
79	25%	W&S			55%	23%	25%	25%	25%
80	25%	W&S			55%	23%	25%	25%	25%
81	25%	W&S			55%	23%	25%	25%	25%
82	25%	W&S			55%	23%	25%	25%	25%

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35	1946	25	174
36	1947	25	186
37	1948	25	198
38	1949	25	210
39	1950	25	222
40	1951	25	234
41	1952	25	246
42	1953	25	258
43	1954	25	270
44	1955	25	282
45	1956	25	294
46	1957	25	306
47	1958	25	318
48	1959	25	330
49	1960	25	342
50	1961	25	354
51	1962	25	366
52	1963	25	378
53	1964	25	390
54	1965	25	402
55	1966	25	414
56	1967	25	426
57	1968	25	438
58	1969	25	450
59	1970	25	462
60	1971	25	474
61	1972	25	486
62	1973	25	498
63	1974	25	510
64	1975	25	522
65	1976	25	534
66	1977	25	546
67	1978	25	558
68	1979	25	570
69	1980	25	582
70	1981	25	594
71	1982	25	606
72	1983	25	618
73	1984	25	630
74	1985	25	642
75	1986	25	654
76	1987	25	666
77	1988	25	678
78	1989	25	690
79	1990	25	702
80	1991	25	714
81	1992	25	726
82	1993	25	738
83	1994	25	750
84	1995	25	762
85	1996	25	774
86	1997	25	786
87	1998	25	798
88	1999	25	810
89	2000	25	822
90	2001	25	834
91	2002	25	846
92	2003	25	858
93	2004	25	870
94	2005	25	882
95	2006	25	894
96	2007	25	906
97	2008	25	918
98	2009	25	930
99	2010	25	942
100	2011	25	954
101	2012	25	966
102	2013	25	978
103	2014	25	990
104	2015	25	1002
105	2016	25	1014
106	2017	25	1026
107	2018	25	1038
108	2019	25	1050
109	2020	25	1062
110	2021	25	1074
111	2022	25	1086
112	2023	25	1098
113	2024	25	1110
114	2025	25	1122
115	2026	25	1134
116	2027	25	1146
117	2028	25	1158
118	2029	25	1170
119	2030	25	1182
120	2031	25	1194
121	2032	25	1206
122	2033	25	1218
123	2034	25	1230
124	2035	25	1242
125	2036	25	1254
126	2037	25	1266
127	2038	25	1278
128	2039	25	1290
129	2040	25	1302
13			

[illegible][illegible][illegible]

1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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T-LV	
100	100
90	90
80	80
70	70
60	60
50	50
40	40
30	30
20	20
10	10
0	0

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CHRONOGRAPH



THE TRIB INDEX: 110.47

International Herald Tribune World Stock Index, composed of 260 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index
12/9/94 close: 110.47
Previous: 111.07

Asia/Pacific
Approx. weighting: 32%
Close: 121.71 Prev: 122.89

Europe
Approx. weighting: 37%
Close: 111.53 Prev: 112.53

North America
Approx. weighting: 26%
Close: 93.60 Prev: 93.10

Latin America
Approx. weighting: 5%
Close: 131.24 Prev: 132.23

Miscellaneous
Approx. weighting: 2%
Close: 110.05 Prev: 110.80

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the top 50 issues are tracked.

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

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France Closes Bidding For Bull

Compiled by Our Staff From Dispatches

PARIS — The deadline to submit bids for a stake in Groupe Bull, the state-owned French computer maker, closed on Friday, and the government said it had no plans to make any announcement soon.

Bull, which is 76 percent owned by the government, is being sold to companies and executives rather than through a public offering. Interested parties had until Friday to apply, and their identities were not disclosed.

But NEC Corp. of Japan, an electronics maker that already has a 4.43 percent stake in Bull, said Friday it submitted a bid to raise its share to more than 10 percent.

Key Bull executives also are tending up for a 5 percent stake, and another 10 percent could be kept aside for staff.

Quadrant, a French holding company, and AT&T Corp. also submitted a joint bid for taking over about 40 percent of Bull's capital, Paris banking sources said.

The sources said the offer was comprehensive, outlining an industrial strategy for the company, but it did not involve any breakup of Bull.

The offer also could bring together other shareholders in the company, such as NEC, International Business Machines Corp. and management, the sources said.

No other companies are official candidates, but other names mentioned include Motorola Inc. and several non-Japanese Asian companies.

The privatization of Bull is a priority for the French government, which after pumping \$2.1 billion into the company promised the European Commission that such capital injections would cease.

(Reuters, AFP, APX)

Orange: Deeper in Red

Bankrupt County Defaults on a Bond

Compiled by Our Staff From Dispatches

LOS ANGELES — Orange County's financial plight worsened Friday as word spread that it had missed payment on a \$110 million debt, the first default since the California county filed for bankruptcy.

Moody's Investors Service Inc. promptly downgraded the affected bonds to "junk" status, calling into question the worth of other Orange County bonds.

In addition, the county said it would file suit Friday against several brokerage firms in

Merrill Lynch and Rauscher Pierce Refines were subpoenaed by the SEC.

an effort to keep its loss-plagued investment fund from collapsing.

Adding to alarm and confusion surrounding the bankruptcy filing, the county, which has pledged to meet all school and local government payrolls, has acknowledged that it could not pay all its outside suppliers.

"Some vendors are probably not going to get paid," County Administrator Ernie Schneider told a meeting of the Orange County City Managers Association in Irvine.

The county was forced to file for bankruptcy Tuesday after it was unable to roll over a

\$2 billion loan. The filing followed the disclosure last week that the county's investment fund had lost more than \$1.5 billion because of interest rate bets that went bad.

Merrill Lynch & Co. and Rauscher Pierce Refines Inc. both said Friday that they had received subpoenas from the Securities and Exchange Commission as part of the federal agency's investigation into the bankruptcy.

County officials announced the default, saying that investors in the \$110 million pension bond backed by the now-frozen investment pool were not paid on schedule Thursday. The default does not immediately imperil payments to pensioners.

In an attempt to protect the ailing fund, the county plans to sue several brokerages in federal Bankruptcy Court in Santa Ana. Various firms, it said, have sold \$11 billion worth of collateral.

An exception to the selling of collateral was Merrill Lynch, which said it would not call its \$2 billion in credit or sell its collateral.

Attempting to reassure investors and taxpayers, the county named a former state treasurer, Thomas Hayes, as the new manager of its troubled investment fund and hired Salomon Brothers Inc. as an adviser.

(NYT, Bloomberg, AP)

Japan Rescues Thrifts With Public Funds

By Steven Brull

International Herald Tribune

TOKYO — In the first use of Japanese public funds to prevent a financial institution from failing in the postwar era, the Bank of Japan said Friday it would bail out two small credit associations, a move that could hasten the cleanup of the country's loss-ridden financial system.

Although the central bank said the special bank it would set up and help fund would assist only the two ailing credit unions being absorbed, analysts said it could eventually be expanded to rescue other insolvent institutions, in effect becoming a Japanese version of the U.S. Resolution Trust Corp.

The Ministry of Finance and the Bank of Japan are getting to the stage where they're saying the cleanup has got to progress, Betsy Daniels, banking analyst at Morgan Stanley & Co., said.

The new bank is expected to be capitalized at 40 billion yen (\$400 million), with half being fronted by the Bank of Japan. The sum is small in comparison with the tens of trillions of yen in nonperforming loans created by the collapse of property and stock prices after the bursting of the speculative bubble of the late 1980s. But it was nonetheless seen as curative.

"Twenty billion is small peanuts," Ms. Daniels said, "but we've never seen it before."

The process of writing down losses has been slow, in large part because banks have shied away from declaring losses.

The new use of public funds underscores Tokyo's determination to clean up a festering problem that, given the slow recovery of Japanese property prices, has become increasingly difficult to sweep under the rug.

"It could dramatically hasten the balance-sheet restructuring

of Japanese institutions," Ms. Daniels said, adding that the announcement Friday was greeted positively by investors and the bond market.

A faster write-down of the debt also would help the Japanese economy by allowing faster expansion of bank lending to smaller- and medium-sized Japanese companies, which now have trouble obtaining credit.

"The Ministry of Finance is determined to show the Japanese people and the world that they're in control of the system, there's no systemic risk and they do not intend to let a financial institution go under," Brian Waterhouse, an analyst at James Capel, said.

Still, the Bank of Japan is unlikely to mount massive rescue operations nor divert much from reliance on major city banks to help ailing nonbank institutions. In the most recent such rescue orchestrated by the central bank, in October, Mitsubishi Bank spent \$2 billion to acquire a majority stake in Nippon Trust Bank. In return, it got access to the pension fund management business.

But the rescue of Tokyo Kyowa Credit Association and the Anzen Credit Bank, which together had had assets of 100 billion yen stemming largely from loans to a property developer, instead suggests that public funds may be used in special cases, and mainly for hopelessly indebted nonbank institutions.

In the instance Friday, analysts speculated that the expected white knight, the Long-Term Credit Bank of Japan, was given special treatment because of its historic role in helping develop strategic industries. Still, Long-Term Credit, other private banks and the Deposit Insurance Corp. are expected to put up the other 20 billion yen for the new bank.

Free Trade's 'Magic Moment'

The Associated Press

MIAMI — Setting the stage for a 34-nation Americas summit meeting, President Bill Clinton called Friday for a new "partnership for prosperity" to open markets and strengthen the hemisphere's wave of democracy.

Mr. Clinton was welcoming leaders from across North and South America to the meeting, which is expected to promote a free-trade pact by 2005.

"This is a magic moment," he said. "Let us seize it."

Framing the meeting in economic and cultural terms, Mr. Clinton said the gathering was designed to open markets, strengthen democracy and im-

prove the quality of life throughout the region.

"If we're successful, the summit will lead to more jobs, opportunity and prosperity," he said.

The meeting — the first such gathering of hemispheric leaders in nearly 30 years — was to open Friday evening with Mr. Clinton's formal greeting and a ceremonial dinner.

The president, speaking at midday to an audience of sponsors and organizers of the meeting and business executives, argued that expanding trade and cooperation in the region would benefit U.S. workers, not cost American jobs.

"If we act wisely, then we can

make this new world work for us," he said. "Trade can be a benefit for our people."

"Every American worker in every part of the United States should be glad that we are at the Summit of the Americas," he said.

James Brooke of The New York Times reported earlier from Miami.

As they began arriving here for a huge summit meeting, Mr. Clinton and the other American leaders were no doubt relieved that negotiators had resolved a series of sharp disagreements over how quickly to establish a

See MIAMI, Page 10

ECONOMIC SCENE

A Crystal Ball Fixes on 1995

By Lawrence Malkin

International Herald Tribune

NEW YORK — The forecasting season is at hand, so it is time to tune in on Marvin Zonis, who began this year with the bold prediction that Deng Xiaoping would die in 1994.

Mr. Zonis, a professor of international political economy at the University of Chicago's business school, is hardly distressed by the clouds in his crystal ball. They emphasize his prediction for next year that if China's paramount leader does not depart the scene in 1995, his country faces financial catastrophe because Mr. Deng's potential successors will continue to avoid offending their supporters in the leadership struggle by delaying the hard decisions necessary to control China's inflation, now running at 27 percent nationally.

Recent financial defaults are one sign of this paralysis. Another is the danger of urban unrest. "The sooner Deng dies, the sooner the country can get on with controlling its finances and avoid disaster," he said.

Mr. Zonis studied psychoanalysis for a decade to help him explain the often opaque motives of political figures in the Middle East. He began his career as a guru on television during the Iranian hostage crisis of 1980 and then branched into corporate consulting. Clients include the accounting firm of Arthur Andersen & Co., Barings Asset Management in London, and Nomura Securities.

Mr. Zonis has few competitors in the international prediction business, although the American guru John Naisbitt used to provide clients with forward-looking tips on management, consumer and technology trends, and

Britain's Oxford Analytica is known for acute trend-spotting in its daily facsimiles to clients worldwide.

The object of Mr. Zonis's provocative predictions is to make clients think rather than rack up a perfect record.

His successes include predicting the breakup of the Soviet Union six months before the fall of the Berlin Wall in 1989, but he struck out in using psychology and his knowledge of the Middle East to explain why Saddam Hussein would not go to war in 1990. Using similar background and techniques, Oxford Analytica's expert correctly predicted that the Iraqi leader would invade Kuwait.

Here is the rest of Mr. Zonis's 1995 tour d'horizon of the world's uncertainties.

Russia: Moscow will muddle through with more improvements in the service sector than recognized — but it is the sector tracked least in official statistics. With parliamentary elections in 1995 and presidential elections in 1996, "Russian politicians will play for the lowest common denominator. Mikhail Gorbachev will run for the presidency on the lure of a return to Communism, in which he still believes, and that will stymie the move toward a market economy."

Saudi Arabia: "Government by hypochondria will result in lower world oil prices." Crucial decisions will be ducked on curbing subsidies to royal relatives, and the kingdom will take the path of least resistance by selling more oil.

The Middle East: Yasser Arafat will either be assassinated or be sidetracked by Palestinian elections, which will be won by West Bank pragmatists who have learned how to deal

See FORECAST, Page 11

Budget Woes Hit Markets In Milan

Reuters

MILAN — Italy's battered bourse slumped more than 2 percent Friday as fears about the state of Prime Minister Silvio Berlusconi's government and its crucial 1995 budget took their toll on markets.

The benchmark Mibtel stock index fell 243 points to 9,564, while the lira scraped along near record lows against the Deutsche mark. At the close in Milan, it took 1,032.60 lire to buy one mark. The lira has fallen more than 4 percent against the mark this year.

"Gaps are opening up in the budget and this government doesn't seem to have the strength to do anything about it," said the chief equity trader at a major Italian bank.

Mr. Berlusconi's government has pinned its reputation on the budget, which is currently fighting its way through Parliament.

The budget is committed to cutting 48 trillion lire (\$29.5 billion) from 1995's public deficit, but analysts warned that the sum would not be met with the measures currently in place.

A survey published Friday showed that 70 percent of Italy's business people do not believe the bill will restore international confidence in the country.

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How to Become Rich in Albania

Report From Dr. Gerhard Kurtz

The once isolated country of Albania is now free and democratic. For men of action this provides an exciting opportunity to get rich... in a country which lacks just about everything. In the process you can enjoy the pleasures of Europe's last and most unknown paradise...

In this new Report "How to Become Rich in Albania", Dr. Kurtz reveals what he's discovered in Albania during recent on-the-spot research into this inexpensive and unspoiled country - and the opportunities you should look for:

● In this poorest country of all Europe you can live like a king under palm trees - even if at home you're drawing welfare.

Where income averages US\$35 monthly, your pennies immediately turn into gold nuggets. Suddenly, you can afford everything...

● Albania is one of the few countries left where you can lead a feudal lifestyle surrounded by undemanding domestic helpers. In the South the climate's as good as Florida (without the hurricanes).

● For the last 45 years taxes have been unknown in Albania. Modest tax increases have been introduced but it will take many years before they can really be enforced. Investors won't have to worry about taxes at all because of the generous tax holidays on offer.

● Practically Everything's Now Allowed

● After half a century of being the most repressive country in the world - it seems no effort is being spared to make it the country offering the most freedom. Practically everything is allowed...

● It's no problem to come and live in this once isolated - but now free and democratic state for a time - or for the rest of your life. You can become a citizen instantly and enjoy all the advantages of being Albanian.

● If you become Albanian, you're entitled to free land (out of the reprivatization fund), and you can buy as much cheap domestic land as you want on special conditions given to locals (but hurry up...).

● Find out more about the advantages of an Albanian Passport - how to get one - and what you have to pay.

● Since Albania is too poor to have diplomatic representatives in all other countries, any foreigner willing to pay for the upkeep of a Consulate or Embassy has a chance of being appointed consul or even ambassador (but you have to know the right contacts).

● The Ministry of Education and Culture can offer you a restored noble title which can be entered officially in your passport for the equivalent cost of a mountain bike.

Big "Zero Hour" Chance

● There are plenty of opportunities for entrepreneurs in a country which lacks just about everything: there are no bakeries, boutiques, copier shops, discos, fast-food outlets, car sales agencies or repair shops, gasoline stations or tourism facilities. A thousand and one other services are lacking in many towns and

villages. It is precisely this lack which offers the big "zero hour" chance for men of action - an opportunity such as was last offered after the second World War which laid the foundations of great wealth for so many.

● US\$500 and capital of a mere US\$ 1,000 is needed to incorporate. With an Albanian company you can buy real estate within the country (foreigners are not allowed to) and operate worldwide without raising suspicions like the people who use Bahamas, Isle of Man or Liechtenstein companies. (You get a summary of Albanian Company Law in the Report).

● About the Author

Born in Germany, Dr. Gerhard Kurtz has been an investigative journalist most of his working life. A confirmed cosmopolitan with an uncompromising style of journalism, Dr. Kurtz has been an Editor of several German magazines, a freelance contributor to "Spiegel", "Stern" and "Time" and has written several books and reports including "225 Tax Havens", "How to Avoid Taxes", "How to Get a Second Passport", "How to Make Money" and "How to Gain Your Rights". He has published "Kurtz-Brief", a successful financial newsletter.

● Albanians are friendly, helpful (Mother Theresa is Albanian!) and they just love foreigners. (What a difference to all those tourist traps where the locals just can't bear strangers anymore).

● One of the Last Paradises

● Albania is also one of the last paradises for unspoiled animal life. Hunters will be interested to hear that down here they have brown bear, wolf, jackal, lynx,

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wildcat and otter. Not to mention the wild goat, deer, boar, hare, etc. Fishermen will find sardines, red mullet, carp, speckled trout, and there are white-bellied seals, whales, etc. in rivers, lakes and seas.

Everything you wanted to know about Europe's last and most unknown paradise can now be found in Dr. Kurtz's latest Report: "How to Become Rich in Albania". It will reveal to you why Albania's history is the key to understanding this strange country... how to get there 90% cheaper... what to do to set up your business... who will help you to get an Albanian passport... where to write to gain a noble title... whom to contact to be appointed an Albanian diplomat... what political risks to beware of... which lawyer can form your US\$ 500 Albanian limited company... what you should know about Albanian taxes... how to find a business partner who is already operating in Albania... what you should know about the local language and why you can get by with just English... which other towns you should know besides the capital Tirana and what they have to offer... useful addresses including where to eat and sleep (an average hotel costs just US\$2.50 a night).

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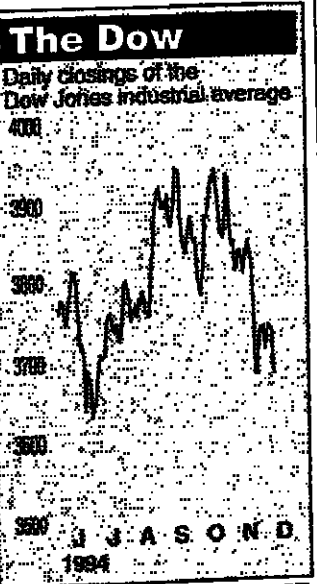
MARKET DIARY

Shares Stabilize After 3-Day Slump

Bloomberg Business News
NEW YORK — U.S. stocks stabilized on Friday after a rally on Thursday, buoyed by a rally in computer stocks and perceptions that Orange County's bankruptcy will not cripple the economy or financial markets.
"I think we've weathered the storm," said Brian Grove, manager of the Transamerica Growth & Income Fund.
The Dow Jones industrial average closed up 5.38 points at 3,691.11, after a turbulent session in which the average fell as much as 30.62 points. The average had tumbled 49.79 points Thursday and was down 1.5 percent for the week. It has fallen more than 2 percent since Orange County's investment losses were first disclosed.
A steady bond market also helped avert a plunge in stocks, traders said. The price of the benchmark 30-year Treasury bond rose 2/32 to 95 29/32, leaving the yield unchanged from Thursday at 7.86 percent.
"The bond market is acting healthy and even the panic itself reduces the chance the Fed will raise interest rates again" soon, said Don Hays, chief investment strategist at Wheat First Securities Inc.
On the New York Stock Exchange, decliners outnumbered advances by a 13-to-9 ratio, and trading volume totaled 336.12 million shares, down from 362.30 million on Thursday.
Stocks seersawed throughout the day as investors tried to sort out the repercussions of Orange County's bankruptcy for the economy and financial assets, traders said. Some analysts said the stock market could resume its decline Monday as the impact of Orange County on Wall Street firms and taxpayers becomes clear.
Semiconductor stocks led the rebound, offsetting declines in brokerage and financial-services shares. Semiconductor and computer stocks rose after an industry trade group said new orders for chips increased in November from October.
Motorola rose 1 1/2 to 55 1/4, Morgan Stanley Group surged 2 1/2 to 58 1/4 after news of merger discussions with Britain's S.G. Warburg Group.
Railroad stocks fell after five railroad operators were downgraded Morgan Stanley.

Dollar Drifts as Market Awaits Economic Data

Compiled by Our Staff From Dispatches
NEW YORK — The dollar ended mostly steady on Friday as profit-taking offset support stemming from expectations for increased U.S. interest rates.
Traders took advantage of the dollar's higher levels and sold it, traders said.
The dollar has been appreciating since the Federal Reserve Board raised rates by 0.75 percentage point on Nov. 15.
"The prospect of another rate increase is what's helping the dollar right now," said John McCarthy, manager of foreign exchange trading at ING Capital Markets.
But dealers said the dollar did not make any significant moves because a batch of economic reports, including U.S. inflation data, is due next week.
The dollar closed at 157.70 Deutsche marks, flat from Thursday.



NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	100.00	99.00	99.00	-1.00
Microsoft	75.00	74.00	74.00	-1.00
Apple	50.00	49.00	49.00	-1.00
Oracle	40.00	39.00	39.00	-1.00
SAP	30.00	29.00	29.00	-1.00

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Intel	40.00	39.00	39.00	-1.00
AMD	30.00	29.00	29.00	-1.00
Motorola	55.00	54.00	54.00	-1.00
IBM	100.00	99.00	99.00	-1.00
Microsoft	75.00	74.00	74.00	-1.00

AMEX Most Active

Vol.	High	Low	Last	Chg.
Gold	380.00	375.00	375.00	-5.00
Silver	12.00	11.50	11.50	-.50
Platinum	800.00	790.00	790.00	-10.00
Palladium	150.00	145.00	145.00	-5.00
Rhodium	250.00	240.00	240.00	-10.00

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
IBM	100.00	99.00	99.00	99.00	-1.00
Microsoft	75.00	74.00	74.00	74.00	-1.00
Apple	50.00	49.00	49.00	49.00	-1.00
Oracle	40.00	39.00	39.00	39.00	-1.00
SAP	30.00	29.00	29.00	29.00	-1.00

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indus	3674.98	3691.11	3651.11	3691.11	+16.13
Trans	1227.26	1231.21	1224.21	1231.21	+3.95
Comp	1224.48	1229.47	1214.47	1229.47	+4.99

Standard & Poor's Indexes

Index	Open	High	Low	Last	Chg.
Indus	588.21	591.21	585.21	591.21	+3.00
Trans	175.18	176.18	174.18	176.18	+1.00
Comp	175.18	176.18	174.18	176.18	+1.00

NYSE Indexes

Index	Open	High	Low	Last	Chg.
Comp	241.17	242.17	240.17	242.17	+1.00
Indus	374.17	375.17	372.17	375.17	+1.00
Trans	175.18	176.18	174.18	176.18	+1.00

NASDAQ Indexes

Index	Open	High	Low	Last	Chg.
Comp	717.26	718.26	715.26	718.26	+1.00
Indus	674.26	675.26	672.26	675.26	+1.00
Trans	674.26	675.26	672.26	675.26	+1.00

AMEX Stock Index

Index	Open	High	Low	Last	Chg.
Comp	42.24	42.24	42.24	42.24	0.00
Indus	42.24	42.24	42.24	42.24	0.00
Trans	42.24	42.24	42.24	42.24	0.00

Dow Jones Bond Averages

Index	Open	High	Low	Last	Chg.
30 Yr	95.29	95.29	95.29	95.29	0.00
10 Yr	94.29	94.29	94.29	94.29	0.00
5 Yr	93.29	93.29	93.29	93.29	0.00

NYSE Diary

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Comp	241.17	242.17	240.17	242.17	+1.00
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Trans	674.26	675.26	672.26	675.26	+1.00

Spot Commodities

Commodity	Today	Prev.	Chg.
Gold	375.00	375.00	0.00
Silver	11.50	11.50	0.00
Platinum	790.00	790.00	0.00
Palladium	145.00	145.00	0.00
Rhodium	240.00	240.00	0.00

EUROPEAN FUTURES

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

Metals

Index	Open	High	Low	Last	Chg.
Gold	375.00	375.00	375.00	375.00	0.00
Silver	11.50	11.50	11.50	11.50	0.00
Platinum	790.00	790.00	790.00	790.00	0.00

Financial

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

3-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

6-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00
12-Month	112.00	112.00	112.00	112.00	0.00

12-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
12-Month	112.00	112.00	112.00	112.00	0.00
15-Month	112.00	112.00	112.00	112.00	0.00
18-Month	112.00	112.00	112.00	112.00	0.00

18-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
18-Month	112.00	112.00	112.00	112.00	0.00
21-Month	112.00	112.00	112.00	112.00	0.00
24-Month	112.00	112.00	112.00	112.00	0.00

24-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
24-Month	112.00	112.00	112.00	112.00	0.00
27-Month	112.00	112.00	112.00	112.00	0.00
30-Month	112.00	112.00	112.00	112.00	0.00

30-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
30-Month	112.00	112.00	112.00	112.00	0.00
33-Month	112.00	112.00	112.00	112.00	0.00
36-Month	112.00	112.00	112.00	112.00	0.00

36-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
36-Month	112.00	112.00	112.00	112.00	0.00
39-Month	112.00	112.00	112.00	112.00	0.00
42-Month	112.00	112.00	112.00	112.00	0.00

42-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
42-Month	112.00	112.00	112.00	112.00	0.00
45-Month	112.00	112.00	112.00	112.00	0.00
48-Month	112.00	112.00	112.00	112.00	0.00

48-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
48-Month	112.00	112.00	112.00	112.00	0.00
51-Month	112.00	112.00	112.00	112.00	0.00
54-Month	112.00	112.00	112.00	112.00	0.00

54-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
54-Month	112.00	112.00	112.00	112.00	0.00
57-Month	112.00	112.00	112.00	112.00	0.00
60-Month	112.00	112.00	112.00	112.00	0.00

U.S. FUTURES

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

Grains

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

Metals

Index	Open	High	Low	Last	Chg.
Gold	375.00	375.00	375.00	375.00	0.00
Silver	11.50	11.50	11.50	11.50	0.00
Platinum	790.00	790.00	790.00	790.00	0.00

Financial

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

3-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
3-Month	112.00	112.00	112.00	112.00	0.00
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00

6-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
6-Month	112.00	112.00	112.00	112.00	0.00
9-Month	112.00	112.00	112.00	112.00	0.00
12-Month	112.00	112.00	112.00	112.00	0.00

12-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
12-Month	112.00	112.00	112.00	112.00	0.00
15-Month	112.00	112.00	112.00	112.00	0.00
18-Month	112.00	112.00	112.00	112.00	0.00

18-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
18-Month	112.00	112.00	112.00	112.00	0.00
21-Month	112.00	112.00	112.00	112.00	0.00
24-Month	112.00	112.00	112.00	112.00	0.00

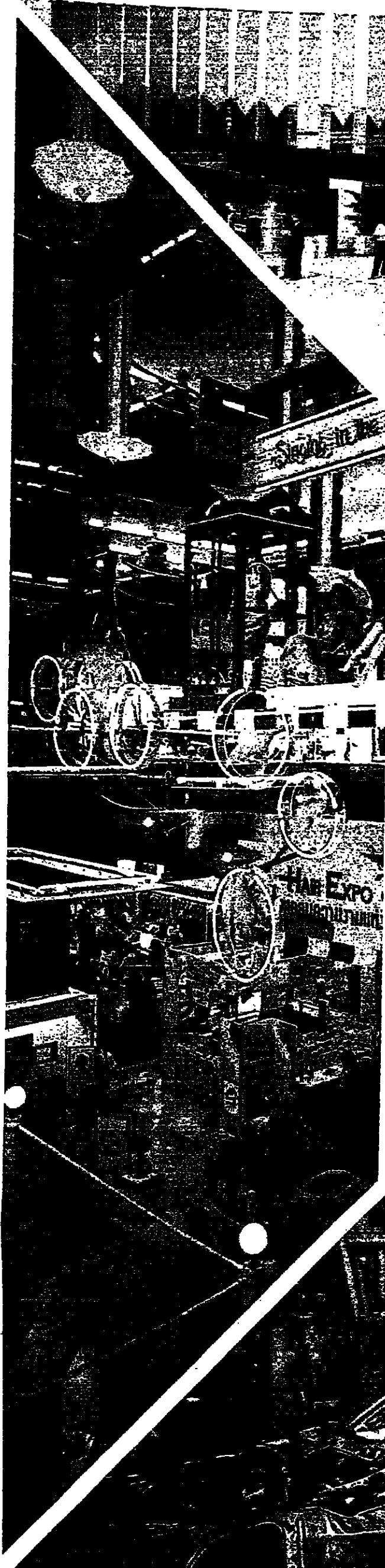
24-Month Eurodollar (LIBF)

Index	Open	High	Low	Last	Chg.
24-Month	112.00	112.00	112.00	112.00	0.00
27-Month	112.00	112.00	112.00	112.00	0.00
30-Month	112.00	112.00	112.00	112.00	0.00

30-Month Eurodollar (LIBF)

Index	Open	High	Low	Last
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Thailand

Hub of Asia

A VIBRANT AND PASTORAL REGIONAL CENTER

Thailand's central location, combined with intensive efforts on the part of the government and the private sector, have transformed the country into a dynamic powerhouse, the gateway to Indochina for international businesses and a hub of air travel throughout the region. Bangkok's Don Muang International Airport serves a larger number of carriers than any other Asian facility, with a total of 73 scheduled and chartered airlines, while the capital itself offers a unique array of advantages that include affordable five-star hotels, great restaurants, the cheapest office rents in Asia, a competent labor force and a sophisticated system of instant worldwide telecommunications that includes two satellites launched within the past year.

The country as a whole covers some 514,000 square kilometers, roughly the size of France, and consists of four major regions that vary widely in scenic attractions for travelers of all tastes.

In the far North, rugged mountains rise to more than 2,500 meters, and temperatures drop sufficiently in winter months for the cultivation of such temperate fruits as strawberries and litchis; exotic tribal people live in remote villages at higher altitudes, trained elephants work in the forests and more than a thousand species of native orchids bloom in the trees.

The northeast is a rolling plateau stretching to the broad Mekong River, over which the first bridge linking Thailand and Laos was opened earlier this year. Khmer ruins — the

most imposing outside Cambodia itself — bear testament to the region's ancient past, while it is also noted for its spicy cuisine and such crafts as shimmering Thai silk.

Rice bowl of Southeast Asia
The fertile central plains, guarded by mountains on three sides from extremes of weather and sudden invasions by outsiders, is one of the world's greatest rice-growing areas and has been the scene of Thailand's most intense cultural and economic development. Four capitals have risen here, three of them situated

combined with the natural wealth of its fields, rivers and seas, has made it a cultural crossroads since prehistoric times. The Thais themselves established their first kingdoms nearly a thousand years ago and maintained their independence throughout the period of Western colonization — the only country in Southeast Asia to do so. Today, Thailand's central position remains as significant as ever, as can be seen in the key role it plays in contemporary regional development.

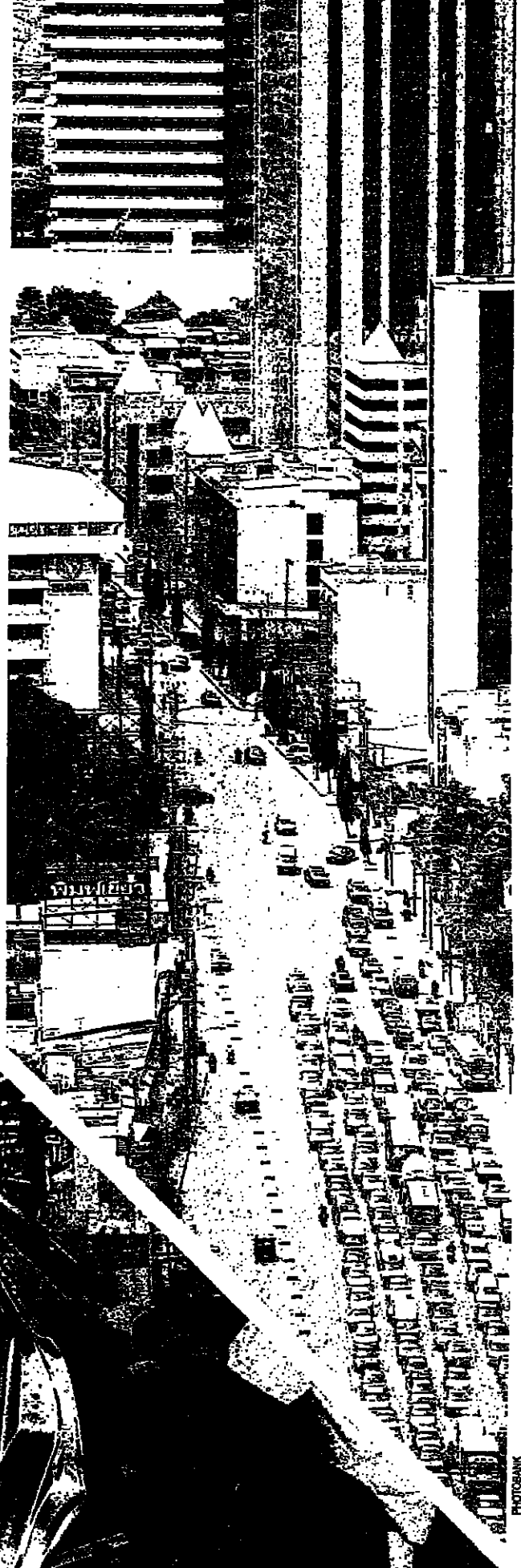
Through such groups as the Association of South East Asian Nations

force in the economic development of Vietnam, Laos and Cambodia through both assistance programs and business ventures. Many international companies now use Bangkok as a base in their dealings with the countries of Indochina, especially Vietnam, all now a short flight from the Thai capital.

Thailand's own growth as it has moved from a primarily agricultural economy to an industrial base is one of the legendary success stories of modern Asia.

This is apparent in statistics showing an annual economic growth rate of more than 8 percent (compared with a global rate of 3.2 percent) and exports forecast to rise this year by 14 percent over 1993 and to pass the one-trillion-baht (\$40 billion) mark for the first time.

Skyscrapers and satellites
At the same time, the country is consolidating its position of leadership with constant infrastructure improvements. The launching of two satellites — the second in October of this year — means that Thailand now has its own complete telecommunications system and no longer needs to rely on regional systems. To meet anticipated future demands, a third one, Thaicom-3, is planned for launching by 1996. A superb highway network linking every region, modern industrial estates with convenient export facilities, international airports in a number of provincial capitals and heavy public and private investment to meet environmental challenges are other clear manifestations of the nation's prosperity and commitment to development.



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HOTELS THAT SOOTHE THE BUSINESS TRAVELER

Bangkok's hotels offer services well beyond the standard amenities. Of the top 100 hotels in the world, according to the latest survey conducted by the business-oriented American magazine *Institutional Investor*, four happen to be in Bangkok. In the number-one slot is the celebrated Oriental (which was also first for 10 consecutive years after the survey began in 1981), while the Regent is fourth; two others, the Shangri-La and the Dusit Thani, came in 30th and 80th respectively on the prestigious list.

Add to these a dozen or so other deluxe properties, among them local representatives of such international chains as the Hilton International, the Royal Orchid Sheraton and the Grand Hyatt

Erawan, and it becomes clear that Thailand's capital suffers from no shortage of world-class accommodations, along with the sort of personalized service rarely found elsewhere. Moreover, in this case superior quality does not mean a high price tag. Thai hotels today offer the best value for money to be found anywhere in Asia or, for that matter, the world.

Business made easy
Business travelers in particular, an estimated 10,000 of whom now arrive in Thailand every week, can profit further, since nearly all the four- and five-star hotels are making a determined effort to attract their lucrative custom in a variety of ways.

All, for example, now have sophisticated business centers offering the latest in rapid communications such as fax ma-

chines and international telephone lines, personal computers, secretarial and translation services, photocopying and rooms for meetings and work. Most also offer executive floors, which create an intimate atmosphere with private lounges, special staff and oversized rooms equipped with direct faxes and other amenities.

The Grand Hyatt Erawan, where an estimated 80 percent of the guests are business travelers, offers a 17th-floor Club Lounge with a separate check-in desk, free coffee and tea all day and a 24-hour concierge team as well as a fully equipped business center. The Dusit Thani has a whole floor for business guests, with an executive business center, a special lounge and three-room suites with conference rooms that can accom-

Continued on page IV

Photos, clockwise from top: Don Muang International Airport, dynamic Bangkok, an auto assembly plant, shopping in a Bangkok department store.

"THAILAND: HUB OF ASIA" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: William Warren is a longtime resident of Thailand and author of "Thai Style" and "Thailand and the Beautiful Cookbook." PROGRAM DIRECTOR: Bill Mahler.

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ALL MANNER OF CONVENTION FACILITIES

In 1992, when the International Monetary Fund and World Bank elected to hold a major conference in Bangkok, the first plan was to hold it at a hotel that offered extensive convention facilities. On consideration, however, the Thai Ministry of Finance decided an even more spacious and centrally located venue was required, and set about building a brand-new center, complete with the most modern equipment available.

The result, completed in record time, was the Queen Sirikit National Convention Center, now Bangkok's most popular facility. The center has been the site of dozens of conventions, trade fairs and assorted exhibitions. Nearly 50 are scheduled for 1995, ranging from boat shows to a meeting on environmental matters.

The ESCAP center An even newer but equally comprehensive facility is the multimillion-dollar marble-clad conference center built for the Economic and Social Commission for Asia and the Pacific (ESCAP), attached to the United Nations building. Originally intend-

ed for ESCAP gatherings, the center can now be leased by outside private groups that want to take advantage of its unusual array of amenities. These include spacious exhibition areas, numerous conference rooms, state-of-the-art audiovisual equipment, a restaurant operated by an outside hotel, lush tropical gardens for relaxation and the latest in security devices. Most of the major hotels are also well-equipped for holding conferences on a lesser scale, offering a wide range of options.

In or out of town These and similar facilities, plus the city's superb hotel accommodations and other attractions, have made Bangkok a popular place with convention organizers. Already scheduled for 1996 are conferences of the Pacific Area Travel Association, the Universal Federation of Travel Agents Association and the Asian Regional Chapters of Rotary International.

Thanks to an excellent highway system and easy connections by air, many provincial areas are becoming increasingly popular with groups that want to combine serious business

with relaxation. Between Nov. 4 and Dec. 16 of next year, to cite one example, the Thai government is hosting Worldtech 95, an international exhibition of agricultural and industrial technology, in Nakhon Ratchasima, the fastest-growing

other hotels in the northern city offer both high-quality meeting facilities and an opportunity to explore one of Thailand's most popular provincial destinations.

Pattaya, on the east coast of the Gulf of Thailand, has long been internationally



Bangkok's major hotels offer meeting rooms, banquet halls and multimedia facilities as well as luxurious ambience.



Sampling local color includes spicy Thai cuisine.

province of the northeast. The event, expected to attract more than 200 companies from 30 countries, will be held at a modern new facility called the Technopolis, located on the campus of the Suranaree University of Technology, and will introduce participants to a relatively little-known region now regarded as the gateway to Indochina.

Already well-established as a popular convention site is the Rose Garden, about an hour's drive southwest of Bangkok, where delegates can stay in either modern or traditional-style houses.

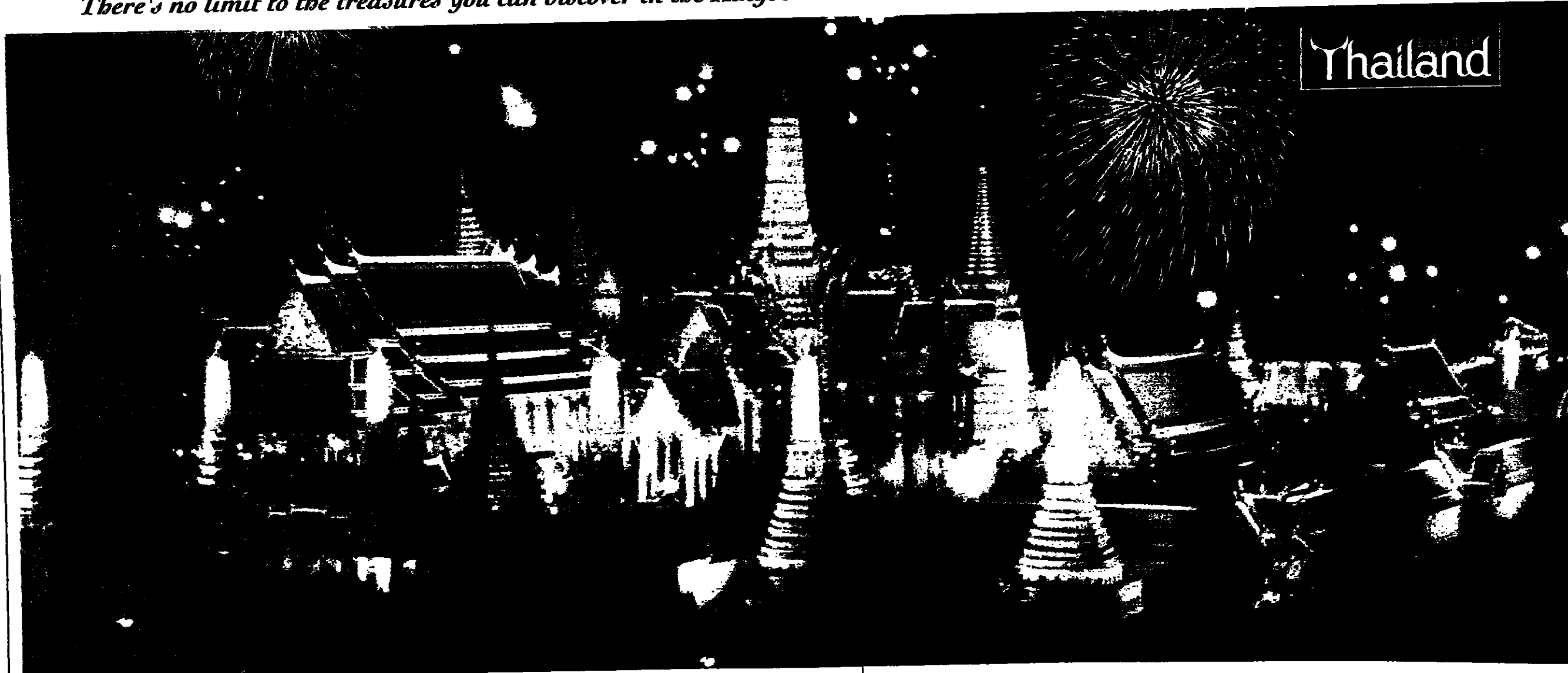
Mountains and beaches In Chiang Mai, the large new Wesun Hotel overlooking the Ping River was the venue for a recent conference of ASEAN economic ministers. This and several

renowned among travelers in search of sun and a lively atmosphere.

Several hotels, such as the luxurious Royal Cliff, the Royal Garden and the Siam Bayshore, have become self-contained mini-resorts with a full range of conference facilities and amenities, all available within the same compound.

The southern island of Phuket is becoming equally popular as a meeting site. The Meridian, which boasts its own perfect crescent of white-sand beach, has a spacious conference hall, several smaller meeting rooms and, with 464 rooms, the capacity to hold a large-scale assembly. The Laguna Phuket, an integrated resort complex convenient to the island's international airport, contains five hotels, golf courses and a health spa.

There's no limit to the treasures you can discover in the Kingdom.



* Royal Grand Palace and The Emerald Buddha Temple*, Bangkok

Thailand has almost too much to see and experience.

But it's so easy to get to that you can keep returning to discover more.

Throughout the year, festivals are celebrated with colorful processions, dazzling dances and spellbinding events. 1995 - 1996 will also offer many sparkling and unforgettable treasures as the Kingdom commemorates the Fiftieth Anniversary (Golden Jubilee) Celebrations of His Majesty's Accession to the Throne.

Celebrations of His Majesty's Accession to the Throne.

So, come visit the Kingdom and let us help transform your dreams into reality ...

DISCOVER the TREASURES of a KINGDOM

For a FREE brochure on Thailand's many treasures, fill in and mail this coupon to:
Tourism Authority of Thailand, 372 Bamrung Muang Road, Bangkok 10100, Thailand.



Name: _____ Address: _____

50th Anniversary

THAI AIRWAYS INTERNATIONAL SOARS AHEAD

A top-notch fleet, high-quality service and a new alliance are Thai Airways International's key assets. A substantial part of the credit for Thailand's emergence as a leading business gateway to Asia belongs to the airline. With over 30 years of experience and countless innovations that have transformed air

travel not only regionally but worldwide, the airline is currently developing on a variety of fronts to become a truly global carrier and offer even more advantages to travelers.

THAI's present fleet has been carefully selected for suitability on various routes. It includes such technologically advanced planes as 15 B-747s, of which seven are

the latest-model B-747-400s, as well as 10 B-737s, four MD-11s, three DC-10s, 26 Airbuses and smaller craft for certain domestic destinations. The average age of these is 5.6 years - among the youngest in the airline industry.

Constant fleet upgrades
New aircraft are constantly being added to keep the fleet competitive with those of other major world carriers. Now on order, for example, are five more 747-400s and eight of the new 777s, the latest of Boeing's super-sophisticated international aircraft. Another 12 Airbuses have also been ordered, eight of them the new A-330-300s, scheduled to join the fleet in early 1995.

THAI now flies to 72 destinations in 36 countries. Of these, 21 are within Thailand and 31 are elsewhere in Asia, more than any other airline and one of the factors that have made Bangkok a major hub for business travelers in the region. During the fiscal year 1992-93, 10.21 million passengers flew on THAI, passing the 10 million mark for the first time and representing an 18 percent increase over the

previous year. THAI also ranks among the world's top 20 cargo carriers, having transported more than 419,000 tons of air cargo in 1992-93.

THAI's maintenance operations at Bangkok's Don Mueang International Airport are some of the most modern in Asia, with a staff of 3,900 highly qualified engineers, technicians, mechanics and other specialists, while its catering division is one of Asia's largest commercial organizations of its kind.

Service and sensitivity to the specific needs of travelers are areas in which THAI has been a pacesetter since its earliest days. From such relatively small touches as the fresh orchid presented to female passengers on international flights and imaginative meals to more practical considerations like reliability and regular upgrading of facilities, the airline has created an image widely admired (and imitated) in the industry.

What the polls say
This is also reflected in numerous passenger surveys. One of the latest, conducted by a leading newsmagazine,

ranked THAI among the top four airlines preferred for travel within Asia. Another, a Business Traveler Asia-Pacific poll, ranked it among the top six choices as "favorite airline for business."

Packages made to order
Special programs launched by THAI have helped consolidate this image. Royal Orchid Holidays, for example, started in 1969, gives customers the freedom of choice associated with individual plans combined with the cost-saving advantages usually found only in group package tours.

The choice varies from brief stopovers in all the chief destinations served by the airline to more comprehensive tours that include an entire region and that cater to special interests.

Another notable success has been Royal Orchid Plus, THAI's frequent-flyer program, which was launched last year and already has 250,000 members. As in the case of Royal Orchid Holidays, this includes a number of innovations that make it different from the programs being offered by other airlines. Members earn mileage on all three classes of travel,



for example, and on both international and domestic flights. The rewards are not limited to air travel but also include unusual Experience Awards such as a golf game at a country club in Phuket, an Andaman Sea cruise aboard a luxury junk and even a full course of Thai cooking lessons at the Oriental Hotel.

Lufthansa alliance

The latest step toward offering greater benefits to travelers is an agreement signed between THAI and Lufthansa, which will come into effect next year. This will result in code-sharing on flights, thus making possible smooth transfers between the two carriers, a reduction in travel time for passengers, a greater variety of flights, sharing of lounges and terminal facilities and merging of the airlines' frequent-flyer programs beginning in February 1995. Both

THAI is constantly upgrading its fleet as well as its service - including fresh orchids on the house.

airlines have also signed agreements with United Airlines undertaking similar co-operation.

On the signing of the Lufthansa agreement, THAI president Thamnoon Wanglee said: "Air travel in the future will become cheaper, as we do not have to fly everywhere due to the alliance. It will lead to savings on the cost side, as Lufthansa will take care of European destinations, United of North American stops and THAI of Asian destinations." Through such constant improvements in the already-extensive benefits it offers air travelers, THAI is steadily strengthening its position as an airline leader and a powerful force in Asia's booming business world.



CELEBRATING
THAI'S 35th
ANNIVERSARY

HOME GROWN FRUITS, SILK, GEMS AND CERAMICS BRING IN FOREIGN EXCHANGE

Nothing better illustrates Thailand's remarkable economic development over the past decade or so than its booming export industries.

From being heavily dependent on agricultural commodities as a source of foreign exchange - in 1960, less than 3 percent of its exports were manufactured products - the country moved to a position where by 1990 almost 70 percent of its exported goods were produced in factories employing the latest modern technology and quality control. In some categories, such as processed foods and gems and jewelry, it now ranks at or near the top of world suppliers.

Market basket of products
Many exports are still based on agriculture, but in a very different form from

those of the past, when Thailand relied on rice - for over a century the single largest earner of foreign exchange - and other such traditional crops as sugar cane, cassava and maize. Today, the country has become an agro-industrial leader, combining its natural abundance with state-of-the-art production facilities to produce a wide range of food products.

Canned, preserved and frozen seafood, for example, now constitutes a major category of export products. Some are made with local products, while others are imported for processing in Thai factories. These include canned tuna, sardines, baby clams, crabmeat, Pacific salmon, quick-frozen mackerel, sea bass, prawns and rock lobster. The importance of this category is reflected in 1993 exports of canned tuna alone: some 200,000 metric tons, valued at 11.35 billion baht.



All silk for the costumes in "The King and I" came from one small village in Nakhon Ratchasima province.

Not too long ago, most people associated pineapples almost exclusively with Hawaii. The last Hawaiian plantation closed down several years ago, however, and today the canned pineapple slices and juice found on the world's kitchen shelves are more than likely to have been processed in Thailand. In 1992, an estimated 470,000 tons of canned pineapple and 80,000 tons of juice were exported, with Japan and the United States representing the principal markets.

The demand for other products of Thailand's fields and orchards is growing as well. Such fruits as rambutan, litchi, mango, jackfruit and grapes are being canned on a large scale, while vegetables include various kinds of mushrooms, bamboo shoots, baby corn, asparagus and tomato products.

The poultry sector, one of the outstanding achievements of the current

Thai agro-industry, now operates on an enormous scale, its major export products being fresh and frozen chicken and duck meat as well as eggs.

Native materials and crafts

Thailand has long been noted for its distinctive crafts. Many popular exports fall into this category, among them artificial flowers made from both natural and synthetic materials, imaginatively designed toys, furniture and handwoven silk and cotton.

Thai ceramic products, with a long and illustrious history going back more than seven centuries to the first capital, Sukhothai, are now the basis of an export industry that amounts to more than 3.5 billion baht a year.

Precious stones

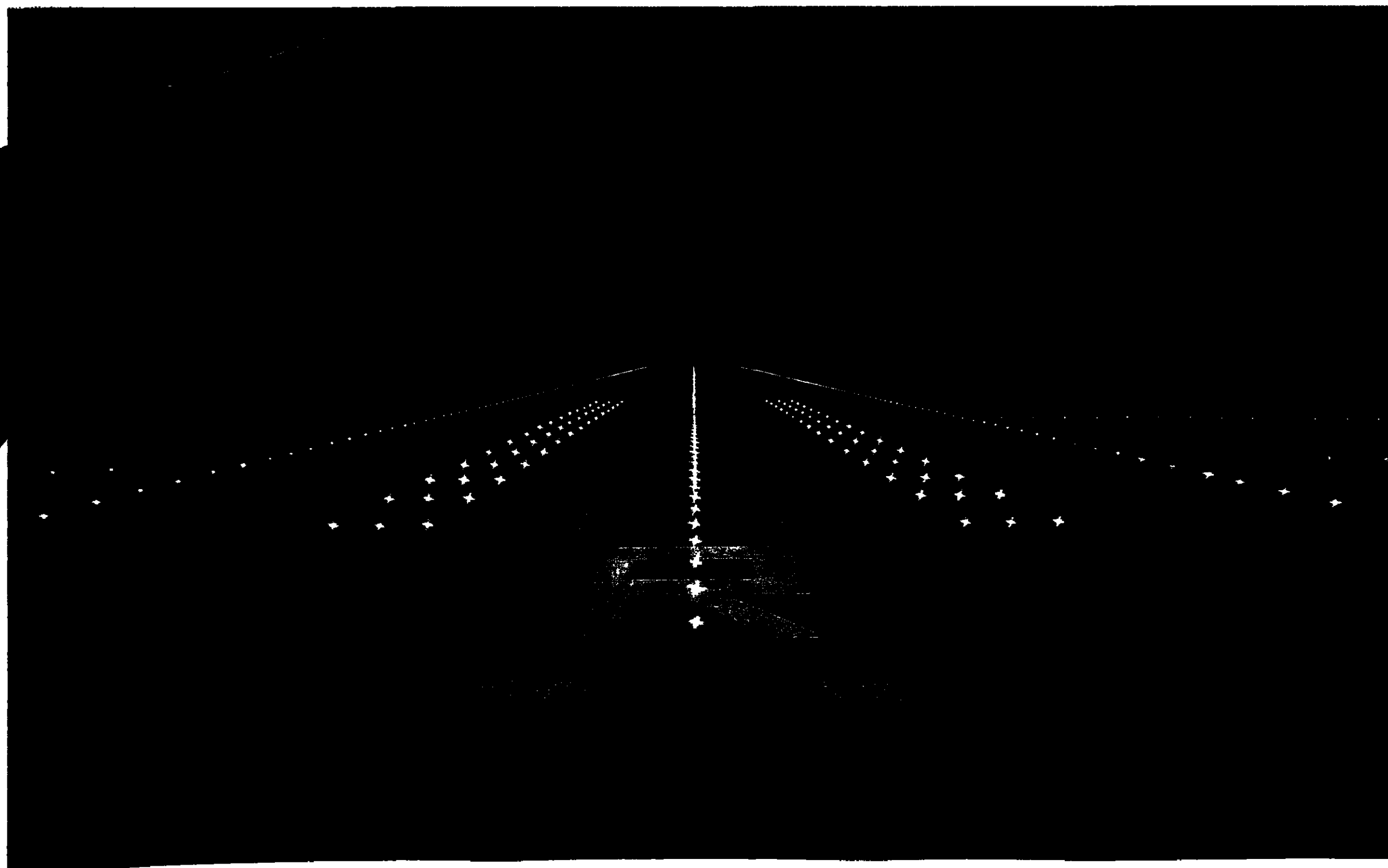
If one had to select a single example to illustrate the initiative and marketing

skills that characterize the Thai export scene, a good choice would be the gems and jewelry industry, which has zoomed from being almost nonexistent to a position of world leadership.

In 1976, the Thai Gem and Jewelry Traders Association was formed to encourage gem exports and raise the quality of locally made jewelry. The number of skilled gem cutters consequently grew remarkably, from only a few hundred in the 1950s to a present force of around 100,000.

As a result, gem and jewelry exports now rank as one of the country's major foreign-exchange earners. Between 1988 and 1992, export values of the two rose from approximately 25 billion baht to 45 billion baht; many experts in the trade believe the figure will reach 100 billion baht within the next five years. Thailand is the second-largest exporter of cut gems after India.

Fly smooth as silk to over 70 destinations around the world.



Smooth as silk is over 4,000 take-offs and landings a week worldwide. It's flying to twelve destinations in Europe, five in Australasia, Los Angeles in the U.S.A., and more destinations in Asia than any other airline. Smooth as silk is Thai's renowned Royal Orchid Service. It's Royal Orchid Plus, the frequent flyer programme with all the pluses, no matter which class you fly. It's a network that now spans the globe. Fly Thai. The airline that's smooth as silk.



SPONSORED SECTION

MAJOR FESTIVALS OF THE YEAR
 A calendar of colorful events and customs that make up the Thai year. Since Thailand is a public holiday, it is not unusual for business meetings and work to enjoy them. The following will be celebrated during the coming year.

New Year's

Dec. 31-Jan. 1

This is enjoyed with as much gusto in Thailand as anywhere else, with parties and present giving. A special treat this year will be the inaugural ceremonies launching a two-year celebration of His Majesty the King's Golden Jubilee, held at Sanam Luang near the Grand Palace on the evening of Jan. 1, with marching military bands, classical dance performances and fireworks displays. A series of similar events will be held in every provincial capital on the same night.

Chiang Mai Flower Festival

Feb. 3-5

The north is notable for its rich variety of flowering plants, particularly the temperate-zone specimens that are at their best during this cool month. Spectacular floral floats are a memorable feature of the three-day festival held in Chiang Mai, along with its attendant flower displays, handicraft sales and beauty contests.

Songkran

April 12-14

The traditional Thai New Year is celebrated in every city and village on this occasion, a blend of solemn religious ceremonies and public festivities. Revered Buddha images and respected elders are ritually sprinkled with lustral water during the religious ceremonies. The rest of the time, almost anyone on the street is liable to get a thorough soaking, all in a spirit of good-natured fun.

Yasothon Bun Bang Fai Rocket Festival

May

For this annual festival, held in Yasothon, northeastern villagers fashion rockets of all kinds, some several meters long, the launching of which is believed to ensure plentiful rains in the coming rice-planting season. High-spirited revelry accompanies the event, along with beauty parades, folk dancing and stage shows.

Candle Festival

July 11-12

The commencement of the Buddhist Rains Retreat (known in Thai as Khao Phansa) is observed in the northeastern city of Ubon Ratchaburi with this lovely festival, which displays artistic skills as well as piety. Beautifully carved candles, some of them up to several meters tall, are exhibited in colorful parades before being presented to local temples.

Loy Krathong

Mid-November

Pattaya, the loveliest of all Thai resorts, this one honors the water spirits who play such a significant role in the nation's life. Small banana leaf boats in the shape of lotus blossoms, adorned with flowers, candles and incense sticks, are set adrift on waterways throughout the kingdom in a haunting spectacle that is held under the light of a full moon.

His Majesty the King's Birthday

Dec. 5

On this day, the great respect all Thais feel for their monarchy is reflected in the elaborate decorations that adorn public and private buildings. A nationwide festival is held near the Grand Palace, which is spectacularly illuminated for the occasion.

Ayutthaya World Heritage Site Celebrations

Dec. 13-17

Held in the Ayutthaya Historical Park, this festival celebrates the glories of the ancient capital, designated as a World Heritage Site by UNESCO in 1991. The event features historical exhibitions, traditional cultural performances and light presentations at the city's ruins.

REFRESHING GETAWAY BREAKS — INCLUDING AN ECLIPSE

Even the hardest-working businessperson or convention delegate needs a break now and again. Thailand offers as many enjoyable ways to relax as any country in the region. These cover a broad spectrum, from familiar sports in unusual settings to one-of-a-kind experiences with a truly exotic appeal.

There is golf, for instance, which was taken up enthusiastically by Thais back in the early years of the century, when the first links were laid out at the Royal Bangkok Sports Club. In the 1920s, a far more ambitious course, described as "second to none east of Suez," was built at the seaside resort of Hua Hin on the Gulf of Thailand, linked to the capital by railroad.

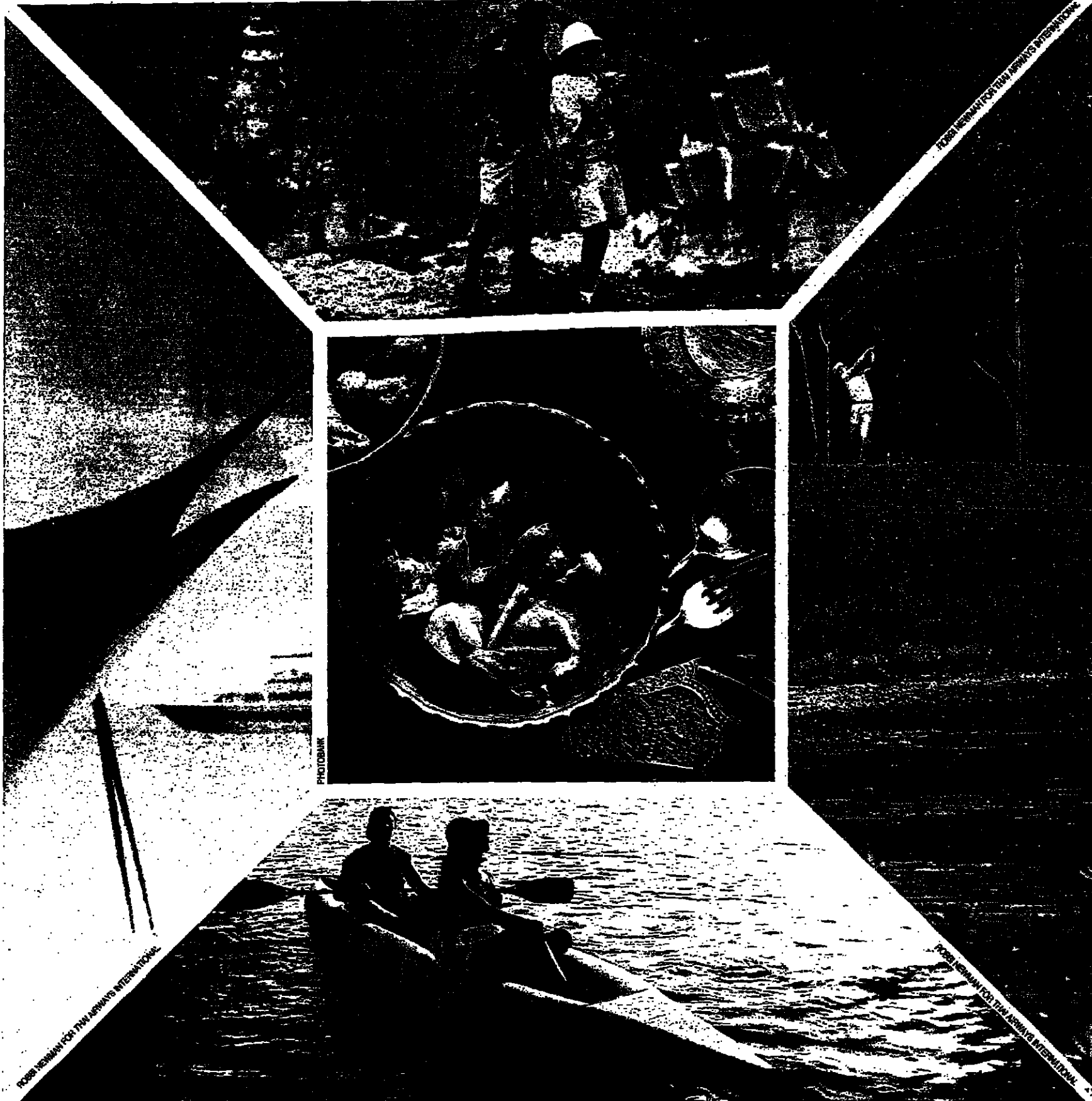
Tournament golf courses
 Today, there are nearly a hundred courses throughout the country, several of them designed by such international experts as Robert Trent Jones and Robert McFarland, and many a local business deal is consummated on the greens or in a well-appointed clubhouse. Some of the best, not surprisingly, are in the Bangkok area; Navatanae, for example, was the site of the 1975 World Cup Tournament, while the Rose Garden, southwest of the city, was awarded a silver medal by Golf Magazine in 1989 as one of the finest golf resorts in the world.

Other top-class facilities are located outside the capital near popular travel destinations. The Siam Country Club and the Bang Phra Golf Course are both convenient to the beach resort of Pattaya, while the Lanna Golf Club in Chiang Mai has a spectacular setting at the foot of Doi Suthep Mountain. Phuket has been the scene of considerable development in recent years; the Johnny Walker Swing Tournament was held last year at the 18-hole Blue Canyon Country Club, which Gary Player pronounced "as good as any I have played on anywhere in the world." Other outstanding courses on the island include the Banyan Tree Club and the Phuket Country Club.

Eastern and Oriental Express

For those with a little extra time to spare, there are more unusual diversions. It is possible, for instance, to sample the luxurious comforts of the new Eastern and Oriental Express without going all the way to Singapore on its regular run; during the train's overnight layover in Thailand, it makes a special excursion to the famous Bridge over the River Kwai and then to the ancient capital of Ayutthaya, returning at noon.

One can also take a romantic cruise on a traditional all-wood barge from Bangkok up the Chao Phraya River,



Clockwise from top: discovering one of Thailand's 27,000 temples; golfing near Bangkok; sea canoeing; sport fishing; and (center) memorable food.

staying either one or two nights on board. The barges have air-conditioned cabins with baths, plus a crew to serve drinks and meals on deck, and they visit such riverside sights as the Bang Pa-in Summer Palace and Ayutthaya.

Using Phuket as a base, other cruises are available on a variety of crafts. These range from multipassenger liners to Chinese junks and chartered live-aboard yachts that can be used for deep-sea fishing or to explore scenic attractions like Phang Nga Bay, where hundreds of limestone islands rise dramatically from the sea, and the more remote Similan Islands, famous for their superb scuba diving. Also popular with a growing number of ecology-minded travelers is the sport of sea canoeing; several companies in Phuket

and nearby Krabi offer trips through spectacular marine scenery that includes a number of magical caves accessible only by boat.

Mountain nature treks

Up north, from either Chiang Mai or Chiang Rai, adventurous excursions can be made into the surrounding countryside. One of the most popular is an elephant ride through the jungle, supervised by skilled attendants and lasting anywhere from a few hours to a full day. In addition, there are assorted treks available along scenic mountain trails into the region where Thailand borders Burma and Laos, and where colorful tribal groups make their home.

Throughout the country, more than 50 areas have been designated as na-

tional parks, most of them ideal for pursuits like hiking and wildlife viewing. Khao Yai National Park, only a few hours by car from Bangkok and selected as an ASEAN Natural Heritage Site, offers over 300 migrant and resident species for the dedicated bird-watcher, while Huai Kha Khaeng in the north, added to the list of World Heritage Sites in 1991, has even more bird varieties.

There are miles of alluring, white-sand beaches at such resorts as Pattaya and Hua Hin on the gulf and Phuket on the Andaman Sea. Some might prefer a few days of being pampered in a luxurious spa, two of which have opened outside Bangkok in recent months. Chiva-Som is located on the beach at Hua Hin and has both Thai and West-

ern-style pavilions, health-food restaurants and a staff trained in a wide range of health and beauty treatments. Another, part of the integrated Laguna Phuket resort, is the Banyan Tree Luxury Spa, with four private spa pavilions, six different types of massage and a selection of therapeutic body wraps.

Total solar eclipse

Visitors fortunate enough to be in the country next year on Oct. 24 can look forward to a most unusual sort of get-away diversion: a rare total solar eclipse, the fifth of its kind Thailand has seen in the past 125 years. The phenomenon will commence around 9 A.M., and totality will cover Tak, Nakhon Ratchasima and Sa Kaeo provinces.

KEEPING THE ENTIRE FAMILY AMUSED

Can a business trip be combined with a family holiday? As far as Thailand is concerned, the answer is definitely affirmative, for the country offers a broad selection of activities and attractions to suit all age levels.

If the family includes a cook eager to add some unusual dishes to his or her repertoire, the venerable Oriental Hotel offers a five-day course in the art of Thai cuisine. Hands-on classes are held each morning in an atmospheric location across the river, and by the end students have not only learned all about the basic ingredients, but also mastered the skills needed to produce everything from snacks like spicy meatballs wrapped in crisp golden noodles to subtly flavored curries and sweets.

Thai traditions

The Oriental also has a comprehensive afternoon course in Thai culture, which covers such topics as art, Buddhism,

theater and social traditions, and includes several river trips to places of historic interest.

The classic arts of Thailand can best be seen and appreciated at one of several museums and private collections open to the public. Among the most prominent are the National Museum, one of the largest in Southeast Asia; Vimarn Mek, an 81-room palace built of golden teak and restored by Her Majesty Queen Sirikit; Suan Pakkad Palace, the former residence of a royal prince, which displays a large collection of art and personal belongings; and the Jim Thompson house, the traditional Thai-style home of the American who revived the Thai silk industry.

Toyland and theme parks

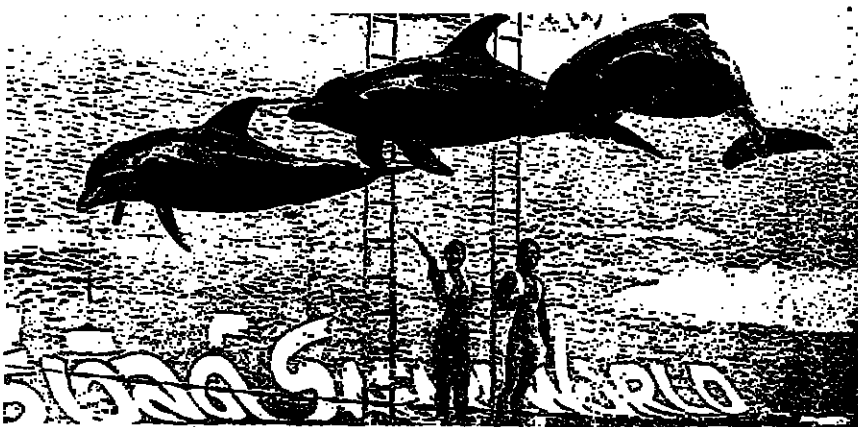
Younger children are not limited to the hotel swimming pool for amusement. Several of Bangkok's leading department stores, such as Central, Sogo and Robinson's, have entire floors devoted to keeping them happy, with electronic games, merry-go-rounds, bumper cars

and magic shows; the Mall Shopping Center on Ramkhamhaeng Road even has an indoor ice-skating rink.

In addition, a number of theme parks are located in or conveniently close to the capital. Magic Land and Dream World both feature Ferris wheels, roller coasters and other rides, as well as special shows and exhibitions for children. Siam Water Park has a lake with beaches and man-made waves, a river flow-pool and several exciting water slides, while Safari World has a large selection of wild animals such as lions, tigers and elephants in natural surroundings and another area devoted to marine creatures.

Thailand in miniature

Young and old alike will enjoy the Ancient City, about an hour's drive from Bangkok, which offers a mini-tour of historic Thailand on a 200-acre site laid out like a map of the country: some of the structures are scale replicas, while others, such as a traditional village on water, are original buildings carefully



The marine show at Safari World, where lions, tigers and elephants can also be seen in natural settings.

moved and reconstructed. Not far away is Crocodile Farm, allegedly the largest of its kind in the world, where a regular show is given daily by fearless employees. Elephant rides are also available.

Other treats for the young can be found in popular provincial destinations. Just outside Chiang Mai, for example, in the beautiful Mae Sa Valley, elephants demonstrate their skills at log-pulling and are available for rides

through the forest. On the same road there are butterfly farms and dazzling orchid nurseries.

Convenient to the seaside resort of Pattaya are two extensive pleasure parks: Ocean World has huge tanks teeming with dolphins, sharks and brightly colored coral, while Pattaya Park offers visitors a water theme with exciting slides, flumes and swimming facilities.

HOTELS THAT MAKE THE BUSINESS TRAVELER'S LIFE EASIER

Continued from page 1

modate a meeting of eight people. The Landmark, one of the first aimed specifically at business guests, offers a 24-hour center, a 30-page electronic directory of local business contacts and access to the hotel's mainframe computer to send faxes and telexes.

Some provide outside assistance as well. The Regent, for instance, can furnish an eight-passenger minibus with driver, car phone and fax for executives who want to get around Bangkok on site-inspection trips.

When work is over

When not at work, visiting executives can find relief from stress in a variety of Hilton ways on the premises. At the Hilton International, they can work out at a Clark Hatch Physical Fitness Center, play squash or tennis, or jog

along the winding pathways of the hotel's extensive tropical garden. The Regent, the Dusit Thani, the Shangri-La, the Grand Hyatt Erawan and most others have similar health centers.

Perhaps the ultimate in such facilities is the Oriental's recently opened \$4.5-million health spa across the Chao Phraya River from the hotel. Here, in sumptuously decorated surroundings, a newly arrived executive can be soothed with a special jet-lag treatment, relax in a Thai herbal bath or get a traditional massage. Another alluring feature is a menu composed of "spa food," low in calories but given a special zing by Thai chefs.

A water taxi, please

Time is valuable to most business travelers, and Bangkok's traffic often conspires to waste a good deal of it. With this in mind, three of the leading river-

side hotels — the Oriental, the Shangri-La and the Royal Orchid Sheraton — recently inaugurated a joint water-taxi service to ferry guests up the Chao Phraya to Don Muang Airport. Another property on the river, the Marriott Royal Garden Riverside Hotel, has its own 40-passenger waterjet-powered catamaran to make the trip available to outsiders as well as guests.

For those of its guests who are really in a hurry to catch a flight, the Shangri-La has a helicopter service that takes off from the rooftop and makes the trip in just eight minutes.

Videoconferencing links

The Thai government is also taking steps to facilitate business activities for visitors. One of the latest, just launched by the Communications Authority of Thailand, is a videoconferencing service linked with 13 countries, six in

Asia and the rest in Europe. More countries will eventually be added to the link, which provides live motion pictures, voice and data transmission. Those clients whose communications circuits are linked with CAT can have the video service set up in their own offices.

Another official service is aimed at the many foreign businesspeople who want to set up contacts with Thai manufacturers and thus participate in the country's booming export industry. The Department of Export Promotion (DEP), under the Ministry of Commerce, was set up specifically to meet such needs, as well as to promote Thai-made goods abroad.

Showcasing Thai goods

The DEP has a number of trade centers in capitals abroad, and also works through the commercial counselor's of-

fices attached to Royal Thai Embassies. Its Bangkok headquarters, convenient to the airport on Rachadapisek Road, contains permanent exhibition halls displaying quality Thai products from some 200 leading manufacturers and exporters. In addition, it stages frequent trade shows — nine in 1994 — devoted to such products as gems and jewelry, ready-to-wear clothes and fashion accessories, leather goods, crafts, gift items and household products.

The DEP not only helps prospective importers to identify trade opportunities, but also assists in other ways by arranging hotel accommodations and transportation, scheduling meetings and factory visits with potential suppliers and providing offices with those indispensable standard business facilities such as telephone, fax and photocopying — all free of charge.

A Disappointing Year

Hopes for Change at Air France Stall

Mr. Dormann said Hoechst wanted to grow through acquiring companies in pharmaceutical, generic-drug and diagnostic areas.

was "no truth" to recent speculation in the German press that Hoechst might be interested in acquiring Metallgesellschaft AG, the troubled metals and mining conglomerate.

As analysts see it, Mr. Blanc has not made the dramatic moves expected from an airline that posted a loss of 8.5 billion francs in 1993 but expects to break even before 1997.

Air France also has not joined other airlines in offering low-cost, low-frills service on

The referral to the Monopolies and Mergers Commission,

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	406.32	406.29	-0.73
Brussels	Stock Index	7,226.62	7,278.62	-0.71
Frankfurt	DAX	2,028.33	2,042.21	-0.68
Frankfurt	FAZ	763.76	767.21	-0.45
Helsinki	HEX	1,838.72	1,867.56	-1.55
London	Financial Times 30	2,293.50	2,323.40	-1.29
London	FTSE 100	2,977.30	3,013.40	-1.20
Madrid	General Index	301.85	304.44	-0.85
Milan	MIBTEL	9,564.00	9,607.00	-2.48
Paris	CAC 40	1,936.99	1,954.09	-0.83
Stockholm	Aftersvaeriden	1,834.95	1,856.72	-1.17
Vienna	Stock Index	1,033.78	1,044.01	-0.98
Zurich	SBS	912.24	915.57	-0.36


Sources: Reuters, AFP

Recreation of World Tribune

- **RJB Mining PLC** announced a £400 million (\$626 million) share issue to help bury the English operations of the British Coal Corp.
- **Siemens AG** said it would close a uranium processing plant in Hanau, Germany, because anti-nuclear policies of the state gov-

Bloomberg, Reuters, AFX

King Fahd announced the cut in a speech carried Friday by the official Saudi news agency. The details are to be included in the



ter. "We must presume that in international rates.

Continued from Page 9

will continue because no one in

Mexico: Mr. Zonis predicted

a common enemy. The United

world after the Cold War."

Compiled by Our Staff From Dispatches The king acknowledged the

lished later this month.

are secure." (AFP, AFX)

Friday's Closing
include the nationwide price

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month																
High	Low	Stock	Div	Yld	PE	Sts	100s	High	Low	Latest	Ch'ge					

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REPUBLIC OF PERU ANNOUNCEMENT OF PRIVATISATION

The Special Committee for the Promotion of Private Investment in Banco Continental S.A., appointed by the Government of Peru, through the Commission for the Promotion of Private Investment, COPRI, announces the sale of the Peruvian Government's participation in:

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Lima-Perú, november 1994
THE ESPECIAL COMMITTEE

This advertisement has been approved by Credit Commercial de France, an authorised person for the purposes of Section 57 of the Financial Services Act 1986 (FSA).

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	S/S
Estimated Cost:	\$100,000 - \$150,000

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1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	13th Month	14th Month	15th Month	16th Month	17th Month	18th Month	19th Month	20th Month	21st Month	22nd Month	23rd Month	24th Month	25th Month	26th Month	27th Month	28th Month	29th Month	30th Month	31st Month	32nd Month	33rd Month	34th Month	35th Month	36th Month	37th Month	38th Month	39th Month	40th Month	41st Month	42nd Month	43rd Month	44th Month	45th Month	46th Month	47th Month	48th Month	49th Month	50th Month	51st Month	52nd Month	53rd Month	54th Month	55th Month	56th Month	57th Month	58th Month	59th Month	60th Month	61st Month	62nd Month	63rd Month	64th Month	65th Month	66th Month	67th Month	68th Month	69th Month	70th Month	71st Month	72nd Month	73rd Month	74th Month	75th Month	76th Month	77th Month	78th Month	79th Month	80th Month	81st Month	82nd Month	83rd Month	84th Month	85th Month	86th Month	87th Month	88th Month	89th Month	90th Month	91st Month	92nd Month	93rd Month	94th Month	95th Month	96th Month	97th Month	98th Month	99th Month	100th Month
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 八、（八） 凡在本行存款之存款人，其存款之利息，均按本行所定之利率计算。
 九、（九） 凡在本行存款之存款人，其存款之利息，均按本行所定之利率计算。
 十、（十） 凡在本行存款之存款人，其存款之利息，均按本行所定之利率计算。

[illegible][illegible]

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 二、**分論**
 三、**附錄**
 四、**索引**
 五、**跋**
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 二百四十四、**索引**
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 二百四十九、**版權說明**
 二百五十、**印刷說明**
 二百五十一、**裝訂說明**

1. The first part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

2. The second part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

3. The third part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

4. The fourth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

5. The fifth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

6. The sixth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

7. The seventh part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

8. The eighth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

9. The ninth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

10. The tenth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

[The page contains dense handwritten text in Devanagari script, which is mostly illegible due to extreme blurriness.]

1. **NAME** _____
 2. **ADDRESS** _____
 3. **CITY** _____
 4. **STATE** _____
 5. **ZIP** _____
 6. **PHONE** _____
 7. **DATE** _____
 8. **TIME** _____
 9. **LOCATION** _____
 10. **WEATHER** _____
 11. **MOON** _____
 12. **STARS** _____
 13. **CLOUDS** _____
 14. **WIND** _____
 15. **TEMP** _____
 16. **HUMIDITY** _____
 17. **PRESSURE** _____
 18. **WIND DIRECTION** _____
 19. **WIND SPEED** _____
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 21. **WIND TYPE** _____
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صحبنا من الاعمى

THE MONEY REPORT

FIRST COLUMN

Turbulent Skies for Investors

MAKING money in the aviation industry, whether it's by carrying passengers, manufacturing commercial or military aircraft, or servicing those two sectors, seems an increasingly daunting endeavor.

In commercial aviation, for example, profitability depends largely on sustained, healthy demand, itself a function of economic conditions over which airlines have no control. Granted, one could say the same thing about many industries. But airlines are also faced with another omnipresent wild card — the price of jet fuel. When it goes up, losses tend to mount.

Deregulation, moreover, while resulting in lower fares for travelers, has also taken its toll on earnings. In the United States, an "open skies" policy has led to fare wars that have chopped profit margins to the bone and led to massive cost-cutting programs directed chiefly at labor. Much of the same could happen, although some analysts deny it, in the European Union over the next few years, as carriers prepare for greatly increased deregulation that will take effect on April 1, 1997.

All in all, global airlines have lost more than \$15 billion over the past four years. Competition is no less intense in the U.S. defense sector where, since 1990, the government's budget for military hardware (which includes warplanes) has shrunk by over 40 percent and defense contractors have eliminated over 700,000 jobs. Mergers and cost-cutting are the orders of the day and, again, as profit margins have been slashed, so have earnings.

Some financial analysts are forecasting a return to profitability for some commercial carriers in 1995, as well as for some defense contractors. Their argument is that the effects of streamlining are taking hold and that leaner, meaner companies are emerging.

That may be, but many indicators show that appreciable profits will take longer to show up, perhaps until 1997. Therefore, when listening to this optimistic hypothesis, bring along a 747-sized dose of skepticism.

P.C.

Will the Recovery Leave U.S. Airlines Stalled on the Runway?

By Christine Stopp

THIS WEEK, at the dawn of the most frenetic time of year for air travel in the United States, the major U.S. carrier Delta Air Lines Inc. announced fare reductions of up to 45 percent on selected routes for travel during the holiday season. Other major U.S. airlines matched the fares.

Such a development raises a fundamental question for investors: Can an industry that agrees to slash its profit margins during a season when, historically, demand has often outweighed supply, be any place to put one's money? The answers from analysts are varied. Some say that streamlining by the airlines should result in earnings growth fairly soon, while others warn that any sustained upturn for the industry is not yet upon the horizon.

To be sure, the U.S. airline sector has not taken wing along with the overall economic recovery in the States. Standard & Poor's airline index, a weighted average comprised of four major carriers — AMR Corp., which operates American Airlines, Delta, Southwest Airlines Co. and USAir Group Inc. — has fallen nearly 30 percent this year. The Dow Jones industrial average, by contrast, has lost less than 1 percent.

The story is one of chronic overcapacity, structural problems and, clearly, bitter fare wars, all of which have led to major cost-cutting programs. For example, American Airlines announced a plan earlier this month to cut about 550 more jobs, primarily from service and maintenance positions, in its ongoing efforts to slash its labor expenses. Since the beginning of last year, American has eliminated about 5,700 full-time positions, including over 600 furloughed pilots.

Delta, which has lost nearly \$2 billion since 1990, has declared its intentions to cut \$340 million a year in salaries for pilots, with whom it is embroiled in negotiations. And USAir is seeking to reduce labor costs by \$500 million annually. The litany goes on.

Glenn Engel, an airlines analyst at Goldman Sachs in New York, said that another way in which carriers are looking to reduce capacity and costs is by reducing their fleets of planes. One example, he said, is USAir, which announced last month that it planned to sell or lease 44 of its jets next year and use the proceeds to pay down its \$2.77 billion of long-term debt.

USAir has been plagued by safety prob-

lems in recent years, the latest incident having occurred in September when one of its Boeing 737 jets crashed near Pittsburgh, Pennsylvania. Industry observers say that USAir faces an extremely difficult challenge in trying to regain the confidence of the traveling public.

Mr. Engel is one analyst who, generally speaking, feels bullish on the U.S. airlines. "I think the sector will make some money this year," he said. "There will be a return to profitability. There has not been a lot of capital spending, so companies are generating cash flow and beginning the process of de-leveraging."

"It depends on whether you see the glass as half-full or half-empty," he continued. "If you believe in the long-term trend of airlines in line with the economy, you'll be bullish. But if you think we are in a new era where we will not see revenue growth in line with the economy, you will not be bullish."

Mr. Engel is recommending shares in AMR Corp., and thinks that Delta and UAL Corp., which runs United Airlines, will moderately outperform the market. He rates USAir and Southwest as average performers.

Candace Browning, an airline analyst at Merrill Lynch in New York, also likes AMR Corp., as well as Delta. But she downgraded Southwest to a "neutral" rating this week. "Southwest is an excellent company," she said. "But it's being assailed by competitors. The next six months to a year will be difficult."

Southwest, a low-cost, short-haul carrier whose entire fleet consists of Boeing 737s, has been the darling of travelers and investors alike over the past few years, turning in a stellar performance both from a profitability and customer-satisfaction standpoint. The company's profits, moreover, indicate that it surviving tough competition. In this year's third quarter, Southwest's profits rose 20 percent to \$58.6 million, or 40 cents a share, over the like period last year.

Paul Berlinguet, a portfolio manager at Baring Asset Management in Boston who follows airline shares, agreed that Southwest is well-run, but he said he would not recommend the shares for the next year or so because of the struggle with start-up competitors.

Mr. Berlinguet said that Delta and United should do well if their short-haul routes are passed successfully to regional carriers. He also feels positive about American, provided it reaches agreements in its labor negotiations. He was less sanguine on USAir.

Airline and Aerospace Stocks

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European airline shares

"Their cash position has always been a worry," he said. "And the recent problems over safety exacerbate this. On this stock, there is a risk going forward."

Regarding the sector as a whole, Mr. Berlinguet added: "It will be tough for the sector over the next year or two. Things will look up if they can reduce capacity, get good labor agreements, have stable fuel prices, and have some success at restructuring. It could be interesting long-term. There are signs of life three years out."

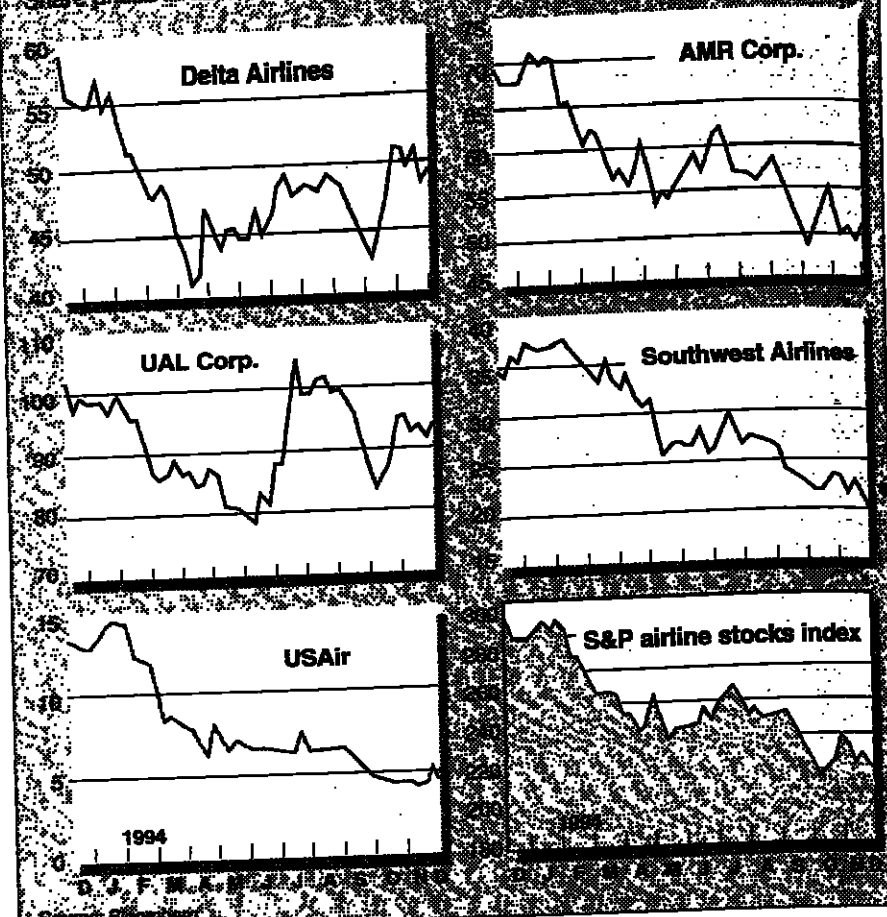
Derek Webb, a fund manager at GT Capital Management Inc. in San Francisco who follows airline stocks, said he likes two regional carriers, Utah-based Skywest Inc. and Atlanta-based Atlantic Southeast Airlines Inc., known as ASAL. On the sector overall, however, he is decidedly bearish.

"The economic environment looks good and the airlines have worked off some excess capacity," said Mr. Webb. "If the economy stayed robust, one day they would start making money. But at some point, the economy will turn down. Will they have worked off enough planes? Probably not."

There are simply too many planes and not enough people," he continued. "It is a poorly managed industry — in a sense, a pure commodity business. It will go nowhere."

Chronic Competition

Share prices in dollars



International Herald Tribune

Airport Companies: A Grounded Alternative

By Rupert Bruce

ONE alternative for investors seeking exposure to the aviation industry without shouldering the risks of relatively volatile airline stocks is buying shares in airport companies. These concerns earn their revenue from takeoff fees, retailing and property rents.

Three such quoted companies — British Airport Authority PLC, known as BAA, Copenhagen Lufthavn (Copenhagen Airports), and Flughafen Wien AG (Vienna Airport) — have all been privatized within the past eight years. To varying degrees, say industry observers, they have the attractive features sometimes associated with new privatizations, including a wide scope for cost cutting and little competition.

Ian Wild, a transport analyst at the British brokerage Barclays de Zoete Wedd, said he likes airport companies.

"We like the sector because of the relatively risk-free access to air transport and the tremendous potential for doing more with the spin-off commercial activities," he said.

If long-term growth in air traffic ultimately serves as a catalyst for share price increases for these companies, their future could be bright indeed, add other analysts. And traffic seems likely to grow substantially. According to the U.K. Civil Aviation Authority, global air traffic will double by the end of the decade. Such huge growth would translate into more fees from aircraft, more retailing and more property revenue for airport companies.

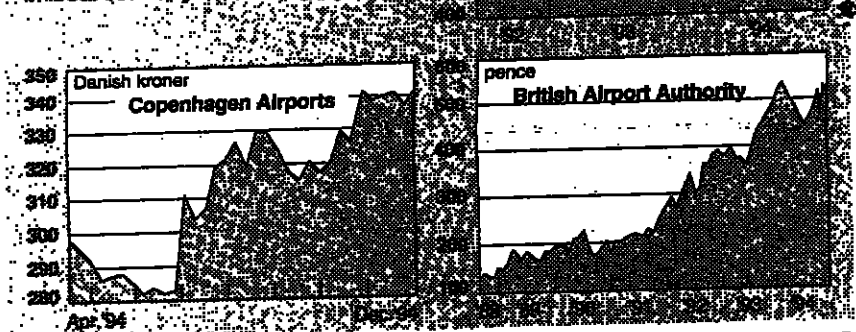
Since the government of former prime minister Margaret Thatcher sold off 97 percent of BAA shares in 1988, the shares have risen from 245 pence (\$3.82) to around 490 pence, with a one-for-one share split along the way. In other words, the shares are worth about four times what they were. This move has been propelled by solid earnings growth.

Since 1988, BAA's pre-tax profit from its airport portfolio of Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen, and Southampton airports has almost doubled from £166 million to £322 million. Earnings per share for the company, which trades on the London Stock Exchange, have soared from 21 pence to 47 pence.

Encouraged by the success of the BAA privatization, the Danish and Austrian governments moved ahead with similar projects. The companies differ from BAA, however, in that each runs only one or two airports rather than a stable of them. Vienna Airport, which trades on the Vienna exchange, was privatized in 1992, when the government sold a 27

Success in the Private Sector

Airport company share price performance since privatization, in local currency



Source: Bloomberg

percent stake to the public. Copenhagen Airports, which trades on the Copenhagen exchange as well as on the SEAQ International Exchange in London, followed, selling a 25 percent stake to the public last April.

The shares of both have performed well. Vienna's shares are up from 335 Austrian schillings (\$30.31) at launch to around 475 schillings this week. Copenhagen's have also done well, rising from 310 Danish kroner (\$50.48) per share at launch to around 377 kroner this week.

Vienna's prospects are perhaps the best, say some analysts. Poised at a critical juncture between Eastern and Western Europe, its business should grow along with pan-European trade.

In addition, the fall of Cold-War borders has enlarged the airport's potential passenger market. Vienna Airport estimates that the number of passengers using its facilities will grow by 8 percent to 7.7 million this year and will continue to climb by 8 percent annually until 2000. Part of the increase, the company says, will come from passengers who live in or plan to visit parts of the Czech Republic, Slovakia, and Hungary.

Copenhagen Airports says it is dedicated to cutting away the corporate fat of life in the state sector. This approach was emphasized in pre-float presentations to institutional investors — pension funds and the like — across Europe last March. One of the key charts presented to analysts at the time concerned "movements versus employees," or the company's intention to lower its ratio of employees to scheduled flights.

Many analysts are currently recommending Copenhagen Airports and Vienna Airport over BAA, tending to agree that while BAA is perhaps the best-man-

aged and most diversified, its shares are fairly pricey.

Mike Powell, an aviation analyst at NatWest Markets in London, estimates that BAA shares are trading at about 15 times the company's forecasted 1994/95 cash flow, compared with eight times for the other two. Partly as a result, he recommends buying shares of Copenhagen and Vienna, but not those in BAA.

Mr. Wild places a great deal of emphasis on government regulation, noting that heavy regulation can stall profits from airport fees.

"We're buyers only of Copenhagen shares," he said. "That is partly because of the more relaxed regulatory system [in Denmark], in that formal regulation carries with it a relative amount of risk. But also because Copenhagen is the newest into the private sector."

According to Mr. Wild, Copenhagen's privatization should bring the company freedom to seek greater productivity and should, moreover, lend it the corporate culture to build a business similar to that of BAA. He noted that SAS, the Scandinavian airline, will this summer lose the franchise on retail and restaurant services at Copenhagen Airport that it has owned for several years. That franchise will revert back to the airport company, providing a strong source of revenue.

The post-privatization success of BAA and its two younger siblings has not been lost on governments elsewhere. One analyst noted that, at a recent conference attended by executives of state-owned airports from all over the world, delegates were asked to put up their hands if they felt that shares in their airports would be sold to the public within five years. Thirty of the 50 executives present did so, said the analyst.



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THE MONEY REPORT

Engine Makers and Airline Caterers Offer Hedged Plays

By Baie Netzer

SHARES in companies that manage airports are not the only way for investors to gain exposure to the aviation sector without actually buying airline stocks. Indeed, companies that make jet engines, flight simulators, even those that provide food service are strongly connected to the sector.

Moreover, because such companies often serve a variety of industries, their shares can provide investors with a buffer when the outlook for airlines turns negative.

One such company is Dial Corporation, a \$3.6 billion consumer products and services company based in Phoenix, Arizona. Dial draws about 20 percent of its revenues from its Tennessee-based subsidiary, Dobbs International Services, which is the largest airline catering company in the United States.

Carol Neves, a vice-president at Merrill Lynch in New York who tracks Dial Corp., rates its shares "above average," although she notes that Dobbs's catering business has been negatively impacted by the removal of meal service on many short-haul flights. Dobbs has successfully chased new business, however, recently winning a contract worth \$12 million to cater Lufthansa flights out of Atlanta and Washington, D.C.

In addition, Dobbs has mounted an aggressive challenge to a competitor, New York-based diversified services company Ogden Corp., in areas such as airport baggage handling and aircraft fueling. But profit margins in these businesses have slumped significantly in recent years, said Miss Neves. Ogden, for example, no longer operates baggage handling at New York's John F. Kennedy airport because profit margins have been squeezed too tight.

"Both Ogden and Dial provide investors with airline-related business exposure, but it's different in nature," said Miss Neves. "Dial is more exposed to the domestic market, but if divi-

dend yield is important to an investor, Ogden offers a fat 6 percent while Dial is at about 3 percent."

FlightSafety International Inc., which provides advanced training to pilots through the use of highly sophisticated simulators, used to be a spectacular growth stock, achieving 20 percent annual earnings growth during a 10-year span that crossed from the 1970s into the 1980s. Since 1990, however, the company's earnings have been relatively flat.

Tom Albrecht, a transportation analyst at the New York brokerage A.G. Edwards, said that investors will need to adjust to the idea of owning a more mature company.

Still, he called FlightSafety "one of the best-managed small companies in the country," and said that revenues could get a boost if proposed changes in federal aviation regulations were approved. The changes would require pilots who fly certain aircraft for regional airlines to meet the same training requirements as pilots at large commercial airlines. About 25 percent of FlightSafety's revenues currently stem from training regional, domestic and foreign carrier pilots. Mr. Albrecht currently has a "hold" rating on FlightSafety shares.

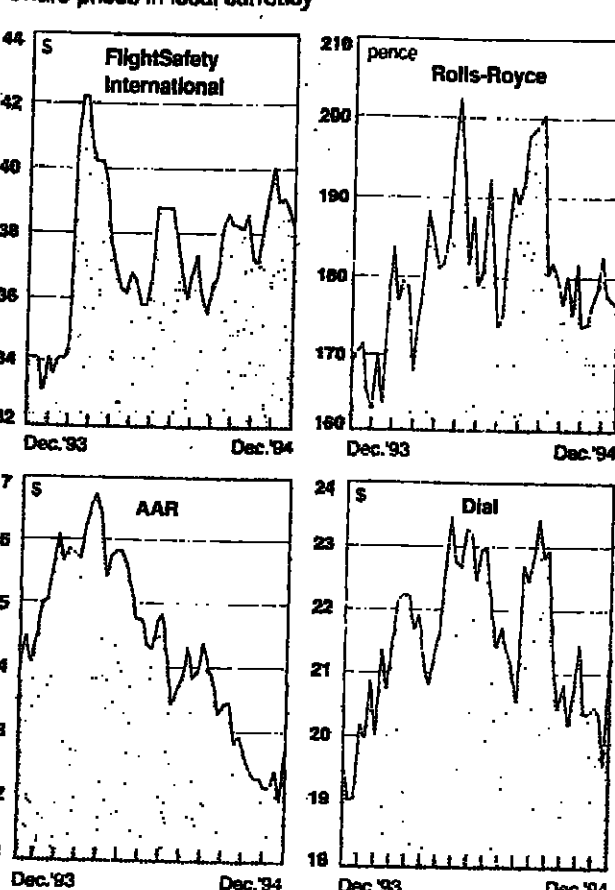
After the 1989 Exxon Valdez oil spill, FlightSafety won a contract from Exxon Corp. to provide marine navigation training to tanker captains. Although the marine business now accounts for only 5 percent of the company's revenues, Mr. Albrecht said the division could grow by 20 percent annually over the next few years.

Indeed, analysts say that a smart diversification strategy can only help prospects for a stock even when its airline-related business is going strong. For example, plans by jet-engine maker Rolls-Royce PLC and a partner, Westinghouse Electric Corp., to employ jet-engine technology for power generation in Asia has huge market potential, say experts.

A number of other moves by

Serving the Airlines

Share prices in local currency



Source: Bloomberg

Rolls-Royce have also won analyst support. Many believe that the recently announced \$525 million acquisition of turbo-prop engine maker Allison Engine Co. should broaden Rolls-Royce's scope and add a competitive advantage against competitors General Electric Co. and Pratt & Whitney, a unit of United Technologies Corp.

Keith Hodgkinson, an aerospace analyst at Lehman Brothers in London, says that with the winding down of research and development costs for Rolls-Royce's Trent engine, which is designed for use on Boeing's new 777 aircraft, pre-tax profits for the company should climb from £110 million (\$171 million) this year to £250 million in 1996. He believes the stock, now trading at around 177 pence (\$2.76), can double in price over the next three to four years.

"About 35 percent of Rolls-Royce engines in service haven't yet reached the age where they need spare parts, so there's enormous potential out there," said Mr. Hodgkinson.

"In fact, Rolls-Royce is one of the few U.K. companies of any description that has real potential for growth."

Such rosy predictions are harder to come by for Chicago-based AAR Corporation, which supplies products and services for commercial and military aircraft. Having experienced strong growth in the 1980s, AAR has seen its earnings slip more than 50 percent since 1990.

AAR has not won raves for its attempts at diversification. About one half of its revenues stem from the sale and lease of spare aircraft parts, while another 25 percent is drawn from component overhaul. But the company has been plagued by manufacturing problems, according to Mr. Albrecht.

Mr. Albrecht added that although AAR enjoys a high degree of customer confidence and has recently gained new business from start-up airlines, he would recommend a less-volatile stock for investors seeking indirect exposure to the airline industry.

Mergers, Cutbacks Test the Mettle of U.S. Defense Stocks

By Judith Rebek

THE U.S. aerospace industry has been downsizing since 1989, but 1994 has turned out to be the year in which post-Cold War consolidation really hit home.

Two mega-mergers, one a done deal, the other pending, have dominated the industry landscape. The first took place on April 4, when Grumman Corp., whose products include the JSTARS aircraft-borne radar system, accepted a \$62-a-share, \$2.17 billion buyout offer from Northrop Corp., maker of the B-2 Stealth bomber. Left at the altar was Martin Marietta Corp., which had offered \$55 a share for Grumman.

But Martin Marietta, which specializes in space vehicles and high-tech avionics systems, was not destined to remain alone. On August 30, Lockheed Corp., whose strength is in fighter planes such as the F-16 and the F-117A Stealth, announced with Martin Marietta that the two companies would merge to create the largest U.S. defense contractor. The companies had combined sales of nearly \$23 billion in 1993. The deal is pending a U.S. Federal Trade Commission examination concerning whether it violates anti-trust laws.

Earnings growth prospects for these mergers and other aerospace companies are still uncertain, say analysts. Indeed, the shrinkage of the U.S. military machine—Pentagon hardware orders have fallen by more than 40 percent over the past five years—is continuing.

"We're through with roughly half the downsizing," says Jerry Cantwell, an analyst with Lionheart Research, a New York firm that specializes in analyzing defense and aerospace stocks. "There's a lot more to go."

Mr. Cantwell said he likes the newly-forged Northrop Grumman Corp. despite the company's disappointing third-quarter earnings of 79 cents a share. Estimates had been \$1.10 a share. "It's had its share of earnings

difficulties in 1994," said Mr. Cantwell. "But it's a stronger company combined, and we think its earning power is well above what it is currently demonstrating. If you look at operating earnings, they were about \$4.75 a share this year, and we think that they will be well over \$5 a share for 1995."

Mr. Cantwell cited "decent prospects" for more government funding for the B-2 Stealth bomber, and noted that Northrop Grumman's commercial subcontracting business of making fuselages for the Boeing 747 would be boosted by an upturn in commercial airline orders, which is widely anticipated.

Most analysts feel that the Lockheed-Martin Marietta merger will indeed pass regulatory muster, but many are reserving judgement on its future prospects. Mr. Cantwell, however, ventured an opinion.

"The companies are very complementary, and they will be able to get rid of a lot of capacity, but it's too soon to say what facilities will shut down," he said. "I think the combined company will earn \$5 a share in 1995, and earnings will be up in 1996 because there will be a lot of cost-cutting going on."

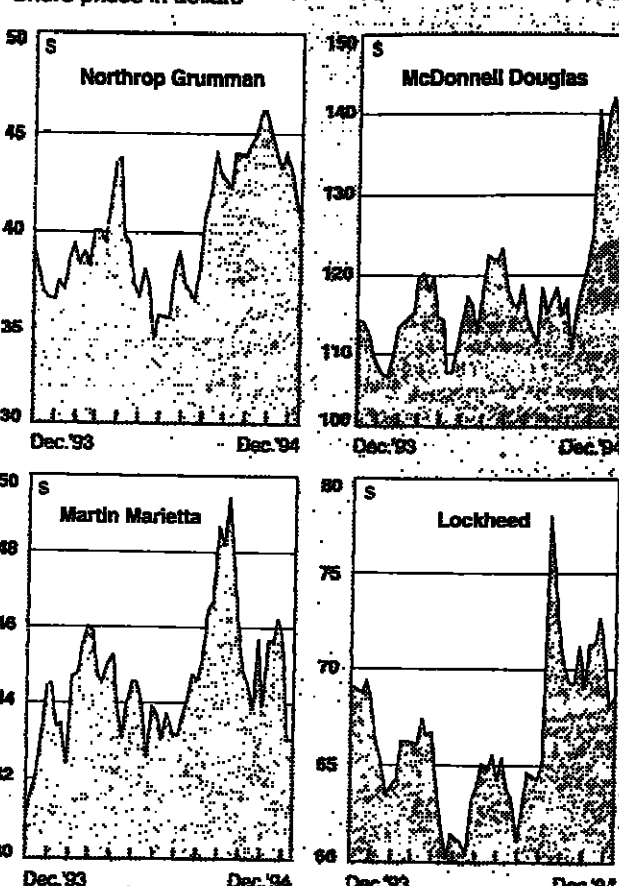
Analyst opinion differs, meanwhile, on McDonnell Douglas Corp., whose military products include the Harpoon missile, the Tomahawk cruise missile, and the Apache helicopter. McDonnell Douglas is also a major manufacturer of commercial aircraft such as the MD-80.

The company's boosters on Wall Street have been well-rewarded this year, as McDonnell Douglas has widened its profit margins on military hardware and stabilized its struggling commercial business. Its shares have soared from a low of \$104 in January to around \$144 currently.

Some analysts think the shares are too pricey and that the prospect of Lockheed Martin as a strong competitor to McDonnell Douglas's tactical fighter aircraft business raises

Downsizing Still

Share prices in dollars



Source: Bloomberg

still more questions. Others, however, think the stock will continue to rise. "I'm still positive on McDonnell," said Wolfgang Demisch, an aerospace analyst at BT Securities. "Their valuation is still modest and well within that of the industry, and I expect more than \$15 a share in earnings next year."

Steven Lewins, an aerospace analyst with Gruntal & Co., a New York brokerage, thinks that more large mergers may be in the offing. He said that Boeing Co., whose military-oriented business is small but profitable, might ultimately try to acquire Northrop Grumman.

Indeed, Seattle-based Boeing, the world's largest maker of commercial aircraft, has been struggling against soft demand for its jetliners. "They're spending at a high rate for research and development at this point, and they're still maintaining good earnings and profitability," said Mr. Demisch, who has a "buy" rating on Boeing shares.

"As business picks up with

the commercial recovery over the next couple of years, it's my expectation that by the end of the decade their earnings will quadruple to \$8 a share." Some analysts are even more optimistic, projecting earnings as high as \$10 to \$12 a share by 1999.

But not everyone is prepared to jump on board Boeing. "Boeing's recovery is not contingent on the airlines' traffic growth," said Nicholas Heymann, an analyst at NatWest Securities in New York, who rates the stock "hold."

David Pizzimenti of Nomura Research Institute thinks a better way to play the upturn in commercial aircraft orders is through a stock like United Technologies Corp. The company owns Pratt & Whitney, one of the largest makers of airplane engines, as well as Sikorsky Aircraft, a prime maker of military helicopters.

"United Technology's stock is selling at around \$59 right now," said Mr. Pizzimenti. "A year from now, it could be in the low 70s."

Prospects Are Mixed for Asian Pacific Carriers

By Digby Lerner

IN TROUBLED times for the world's airline industry, some carriers in the Asian Pacific region have managed to turn in some impressive results in recent years.

The highest achievers have been those based in emerging-market countries. Thanks to the dual benefits of growing demand and relatively low costs in places such as Thailand and Malaysia, their airlines have had a strong competitive edge over companies based in more developed countries.

Thai Airways International, for example, recently posted a net profit of \$125 million for the financial year ended September 30, an increase of 206 percent over the previous year. On the other hand, airlines in Australia, Japan and New Zealand have struggled, often failing to maintain profits during recession. Qantas Airways, the Australian air carrier which is largely state owned, suffered a net loss of about \$77 million Australian dollars (\$292 million) in 1993.

This year, however, there are signs that its market is picking

up. Indeed, Both Qantas and Japan Air Lines are both set to climb back into profit this year, say some analysts, while some of the younger carriers in the market are feeling the pinch of competition for the first time.

Glenn Engel, a transport analyst with Goldman Sachs in New York, doubts if former high-flying airlines in the region will continue to grow so fast in future.

"The region has done well recently but now I would say it's neutral," he said. "The ones that did best have come from a fairly low cost base. Now things are tightening and the amount of competition building up there means it is unlikely they will continue to grow as rapidly."

Already hurt by growing competition has been the Hong Kong-based airline, Cathay Pacific Airways. Cathay's share price dipped recently with news that it plans to slash air fares by up to 20 percent on two of its prime routes in answer to price cuts from rivals.

Cathay's competition has intensified since U.K.-based Virgin Atlantic and the Australian domestic carrier, Ansett Air-

lines, were granted routes out of Hong Kong this year.

Terence Chan, an analyst with Kleinwort Benson Securities (Asia) in Hong Kong, is currently putting together a report outlining Cathay's prospects. He said there are signs that the airline is reining back its growth.

Although Cathay Pacific is taking delivery of 15 new Airbus over the next two years, he said, these are to replace planes that are being retired.

"Therefore," said Mr. Chan, "there will be no net expansion. There is also some uncertainty over whether the airline can pick up the Japanese traffic it lost during the recession, now the Japanese economy seems to be improving."

Laurent del Grande, a transport analyst with Kleinwort Benson International in Tokyo, warned that the apparent recovery of some former loss-making airlines may be short lived.

He said he doubted if Japan Air Lines' half-year profit of 20 billion yen (\$200 million), announced last month, will be matched in the second half.

"JAL has been in the red for three years, so it is keen to show a surplus this year," he said. "Unfortunately, about 3 billion yen of its half-year profit was because of falling oil prices rather than because of anything it achieved itself. To boost its figures this time, it will probably have to sell some assets."

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For the second straight month, global government bond markets in November posted positive returns on average, according to U.K.-based Kemper Investment Management.

Returns in local currency were positive in all markets except the United States, with U.S. Treasuries posting a negative return of about half of 1 percent.

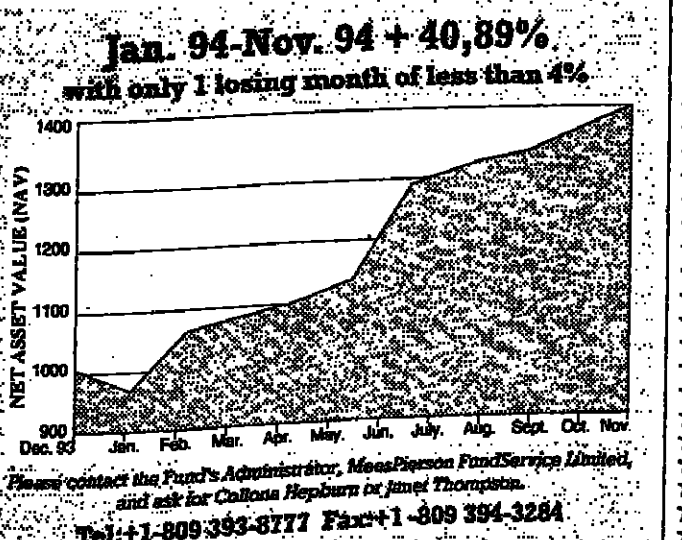
Fitzrovia Publishes New Guide to Funds

The Umbrella Fund Handbook, a new guide to over 450 offshore funds, has been published by London-based Fitzrovia International. Among other detailed information, the volume provides performance rankings based on the consistency of previous returns.

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The Money Report is edited by Martin Baker



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(continued)

SPORTS

All-Star Game Falls Victim To the Lockout in the NHL

Compiled by Our Staff From Dispatches
The National Hockey League's annual All-Star Game is the latest victim of the lockout.

The game, scheduled for Jan. 21 in San Jose, California, and which was to kick off the league's five-year, \$155-million deal with the Fox TV network, has been canceled because the dispute with players "makes it impossible to go forward," said Stephen Solomon, the NHL's chief executive officer.

As consolation, San Jose will play host to the 1997 game. The 1996 game already has been awarded to Boston.

Day 69 of the lockout passed without further negotiations, but the two sides remained busy

by firing up their fax machines

Bob Goodenow, the executive director of the NHL Players' Association, sent a letter to Commissioner Gary Bettman, reiterating the union's opposition to a payroll tax of any kind and its belief that sufficient concessions had been made on other issues to make the tax unnecessary.

The league, meanwhile, circulated a letter among its teams indicating that the union either had misunderstood or was misrepresenting its latest proposal.

So far, the NHL has canceled 24 games of each team's 84-game schedule.

Whether the season can be saved remains unclear. Bettman

and the league's Board of Governors will meet Monday in New York, where they are expected to draw up a final proposal and deliver a take-it-or-leave-it ultimatum to the players' union.

Bettman and Goodenow have not spoken since Tuesday, but a source indicated they might talk before Monday's league gathering.

The All-Star Game has been played annually since 1947, when it matched the Stanley Cup winner against a team of players from the rest of the league. The format changed to East vs. West in 1969. The game was played before the season until 1967, when it was moved to midseason. (NYT, LAT)

Baseball Players' Plan: Cooperation?

ATLANTA—The emphasis in the new proposal major league baseball players will present to the owners on Saturday is on cooperation between the two sides, according to people familiar with the plan.

"We certainly can use that," one management official said.

But with the owners less than a week away from the new date for setting into motion their implementation strategy, the No. 1 question about the players' proposal remains: Will the owners abandon their hard stance on player salaries and opt for cooperation over instant economics.

"This proposal addresses the owners' stated concerns," Craig Fenech, an agent from New Jersey, said Thursday after the union's meeting with agents. "It should provide a basis for satisfying them. But I think they have an agenda. A number of owners want to try replacement players. I expect they're going to implement. I think we're headed to a last-man-standing scenario."

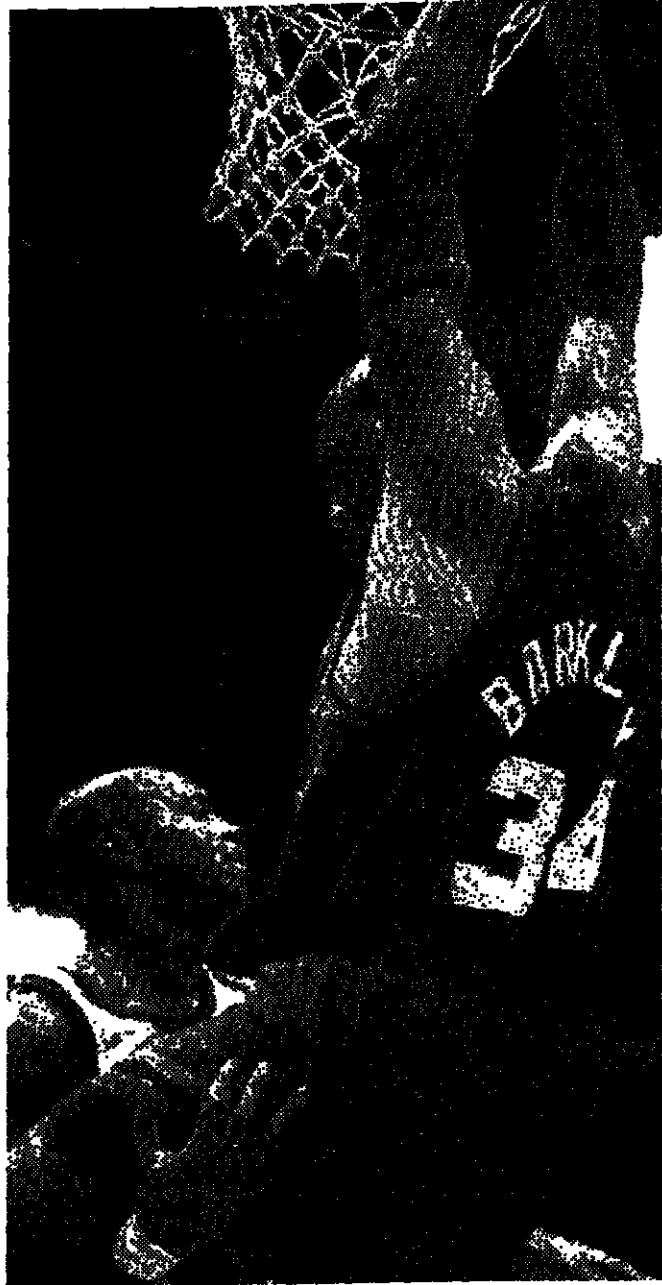
Union officials again declined to disclose details of the proposal they will unveil to the owners Saturday. Others have said the proposal contained a tax on club payrolls.

One agent emerged from the

four-and-a-half-hour meeting and said the agents were told the tax would be a scale of 4 to 6 percent. Two other agents said they were not given specifics. They also said union officials told them not to disclose what they were told.

At that level of tax, the players moved well off the approximately 1.5 percent tax they had proposed in September that the owners quickly rejected.

But their new rate is still worlds away from the owners' tax proposal, the alternative they presented to the salary cap they really want, that calls for a limitless tax.



Charles Barkley got an assist from Derrick Coleman as the Suns handed the Nets their fourth straight loss at home.

Rockets Get 2 Guns Back, Beat Hornets

The Associated Press

Hakeem Olajuwon was back with the Rockets, and so was Kenny Smith's shooting touch. Dennis Rodman was still absent from the Spurs.

Olajuwon, who had missed the Rockets' last game with a wrist injury that had hampered him in the game before that, scored 21 points to help Houston end a two-game losing streak.

But Smith's contribution was just as important. He made seven 3-pointers in hitting a sea-

NBA HIGHLIGHTS

son-high 25 to rally the Rockets to a 101-95 victory over the Charlotte Hornets on Thursday night.

His final 3-pointer put Houston back on top for good, 91-90, with 2:07 remaining.

The Hornets played without their No. 2 scorer, forward Larry Johnson, who stayed in Charlotte following the birth of his son.

Jazz 117, Spurs 114: Jeff Hornacek's 26 points and free throws down the stretch lifted Utah over San Antonio in double overtime.

A basket by David Robinson gave the Spurs a 95-93 lead with 36 seconds left in regulation, but Avery Johnson committed a turnover and sent Hornacek to the line. His two free throws sent the game into overtime.

Sean Elliott, who scored 24 for San Antonio, sank a 3-point shot to force the second overtime.

San Antonio was hoping to have Rodman at least on the bench in street clothes, but the suspended forward stayed away from the team for the second straight day. While the Spurs were losing at the Alamodome, Rodman was working out at a health club across town.

Bullets 124, Mavericks 121: Chris Webber had 23 points and 14 rebounds in Washington's overtime victory in Dallas.

Rex Chapman's 18-footer with 29.3 seconds left in overtime broke a tie and Scott Skiles added two free throws with 11.4 seconds left as the Bullets won for only the second since Webber came over in a trade from Golden State.

Jamal Mashburn scored 45 points and Jim Jackson added 26 for the Mavericks, who had won four of their previous six.

Kings 103, Sonics 91: Mitch Richmond's 26 points and Seattle's second-half scoring drought added up to Sacramento's second victory of the season over the Sonics.

Walt Williams contributed 23 points for the Kings, who trailed by as many as 17 points in the third quarter before outscoring the Sonics 30-1 during a 12-18 span.

The Kings held Seattle to only 30 second-half points.

This Game's Name: The Playoff Chase

New York Times Service

The common denominator for this weekend's games is that most have playoff implications.

New York Jets (6-7) at Detroit (7-6): Lions have found a quarterback capable of making teams pay when they try to shut down Barry Sanders, with Dave Krieg having thrown 10 touchdowns and no interceptions in his five starts. Art Monk will be seeking to break Steve Largent's record for receptions in consecutive games, and Jets will need big effort Saturday from him and Boomer Esiason; their offense is averaging just 98.5 yards rushing a game. Odds-makers favor Jets by 3 points.

Cleveland (9-4) at Dallas (11-2): Troy Aikman, having missed last two games with a sprained knee, returns to starting lineup Saturday. Cowboys, who managed just fine without him, will give Browns' defense one of its sternest tests this season; Emmitt Smith's 114 points on 19 rushing touchdowns is second in San Diego Kicker John Carney (116). Leroy Hood has emerged as Browns' key offensive weapon; he is only running back in NFL to lead team in rushing (692) yards and receptions (39). Cowboys by 10.

Chicago (8-5) at Green Bay (6-7): One pivotal NFC Central game, Chicago having lost heartbreaker in overtime to Minnesota last week. This will be Green Bay's first home game in almost a month. Brett Favre has thrown 15 touchdowns and 4 interceptions in last 5 games; Bears' defense has 12 sacks in last 5 games. Packers by 3½.

Minnesota (8-5) at Buffalo (7-6): Bills blazed their way back into playoff race last week with big win over Miami; Vikings, who had stumbled in three straight games, righted themselves against Bears. Bills' Jim Kelly has thrown at least 1 touchdown pass in last 7 games; Vikings' Cus Carter leads NFL in receptions with 102 and teammate Jake Reed has 70. Bills by 4.

New York Giants (6-7) at Cincinnati (2-11): Giants, rolling behind renewed sense of confidence, believe they can make playoffs. Dave Meggett's 13.4 yards per punt return leads NFL; he's the only player in NFC to return two punts for touchdowns. Giants by 5½.

Indianapolis (6-7) at New England (7-6): New England victory enhances its position in race for wild card spot; victory by Colts keeps them in race. Drew Bledsoe leads NFL in passes (577) and leads AFC in completions (330) and yards (3,725). Marshall Faulk, who has accounted for 41.6% of Colts' offense, was hospitalized Thursday as precaution when he developed upper respiratory virus; he is expected to play Sunday. Patriots by 5½.

L.A. Rams (4-9) at Tampa Bay (4-9): Both still long shots. Rams' defense, having allowed

just 8 rushing touchdowns, faces Eric Reth, who had 40 carries for 192 yards against Redskins last week. Tampa Bay's offensive line hasn't allowed sack in last three games, in which team is 2-1. Bucs by 2½.

Philadelphia (7-6) at Pittsburgh (10-3): Eagles' coach Rich Kotite created miniquarterback controversy this week by hinting, after fourth straight loss, he might bench Randall

NFL MATCHUPS

Cunningham in favor of Bobby Brister. But Cunningham will start. Steelers' defense has been punishing opponents all season, and won't let up on fellow Pennsylvanians. Steelers by 6.

Denver (7-6) at L.A. Raiders (7-6): Broncos' quarterback John Elway, with sprained knee, was initially listed as questionable but is now probable. Raiders' Jeff Hostetler was red hot against San Diego; their rushing defense is tied for second in AFC with Miami, giving up 88.5 yards a game. Raiders by 3½.

San Francisco (11-2) at San Diego (9-4): Since being humiliated by Philadelphia on Oct. 2, 49ers have won 8 straight and have been getting healthy starters back in lineup. Their 411 points leads NFL. Victory against Chargers gives them first round bye in playoffs; a San Diego victory and help from other teams gives it AFC West title. Chargers' plus-11 turnover ratio is second in the league. 49ers by 6½.

New Orleans (5-8) at Atlanta (6-7): Atlanta still has playoff hopes. New Orleans little chance. Falcons' Terance Mathis has 25 receptions for 415 yards and 3 touchdowns in last 4 games. Saints have 32 sacks, which ranks No. 3 in NFC, while Falcons gave up 50 points to 49ers last week. Falcons by 4.

Washington (2-11) at Arizona (6-7): Aeneas Williams' 8 interceptions lead NFL, while Arizona has found offense in running back Larry Centers. Redskins have own offensive problems, averaging 82 yards rushing a game. Cardinals by 8.

Seattle (5-8) at Houston (1-12): Oilers have allowed NFL low 18 yards per kickoff return, their only good news. Seattle, also playing out season, will be quarterbacked by Dan McGwire. Rick Mirer's season having been ended last week with broken left thumb. Oilers by 2½.

Kansas City (7-6) at Miami (8-5): Chiefs' Joe Montana, who didn't play last week because of sprained foot, is questionable Monday night. Defense's 32 takeaways ties Jets for most in NFL, but Dolphins' Dan Marino has had three straight 300-yard passing games. Both teams trying to bounce back after tough losses. Dolphins by 4½.

These matchups were compiled by Timothy W. Smith.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Team	W	L	Pct	GB
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Orlando	13	3	.813	—
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New York	12	4	.750	1
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Boston	9	9	.471	5½
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Philadelphia	7	9	.438	6
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Washington	6	9	.400	6
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New Jersey	7	13	.350	8
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Atlanta	4	10	.286	8
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Indiana	10	5	.667	—
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Charlotte	9	8	.529	2
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Cleveland	8	8	.500	2
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Chicago	8	8	.500	2½
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Detroit	8	8	.500	2½
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Affiliate	7	10	.412	4
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Milwaukee	5	12	.294	6
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Western Division	W	L	Pct	GB
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Houston	12	5	.706	—
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Utah	11	7	.611	1½
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Denver	9	8	.529	2
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Dallas	6	7	.462	3
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San Antonio	7	9	.438	4½
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Minnesota	7	9	.438	4½
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Pacific Division	W	L	Pct	GB
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Phoenix	12	5	.706	—
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Seattle	10	4	.714	—
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L.A. Lakers	10	4	.714	—
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Golden State	9	7	.563	2½
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Sacramento	8	8	.500	3½
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Portland	8	8	.500	3½
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L.A. Clippers	7	11	.389	7
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THURSDAY'S GAMES

Phoenix	34	27	45-333
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New Jersey	33	28	35-136
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P. Mallerie 4-23-23, Tisdale 9-16-12-19; N.J.

Coleman 12-20-24-27, Gilliam 9-14-4-54, R.
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Reynolds-Phoenix 45 (Carmen 12), New Jersey

4 (Brown, Coleman 10), Seattle-Phoenix 27

(Perry 9), New Jersey 23 (Anderson 13),

Charlotte 26 14 21 23-75

Other Major College Scores

EAST

Boston College 64, Fordham 41

Brown 41, Holy Cross 40

Buffalo 71, Niagara 57

Columbia 77, Army 76

Dartmouth 71, Williams 61

Penn St. 78, Bucknell 51

Rider 81, American U. 53

Centenary 97, Dallas 43

Citadel 65, Randolph-Macon 57

Clemson 83, South Carolina 57

Georgia 61, Florida 52

Grinnell 51, 119, Baptist Christian 79
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James Madison 101, Morgan 51, 74

Old Dominion 75, New Hampshire 64

Alcorn 44, Cleveland 51, 57

Chicago St. 102, Troy St. 96

Missouri 94, Capital 62

FAIR WEST

Colorado St. 88, Metro 55, 84

Concordia, Calif. 73, N. Arizona 67

E. Washington 76, St. Mary's 62

Montana St. 108, Montana St.-Billings 64
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San Diego 75, CS Dominguez Hills 64

DEPA CUP

Third Round, Second Leg

Thursday's Result

St. 2, Nantes 2

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Penn St. 78, Bucknell 51

Rider 81, American U. 53

Centenary 97, Dallas 43

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SPORTS

UEFA and Asians Criticize FIFA As Undemocratic

Compiled by Our Staff From Dispatches

ROME — The governing body of European soccer, UEFA, accused FIFA on Friday of unfairly selecting committee members and threatened to ignore their authority, while a senior official of the Asian Football Confederation said his group plans to file a protest over the allocation of influential places on FIFA committees.

UEFA's president, Lennart Johansson, after a meeting of his group's executive committee, criticized FIFA's lack of consultation with both its European counterpart and national federations in selecting members of FIFA's committees.

He said FIFA should make its procedures "more democratic." If it does not, he said, "Then I clearly tell you — and again, I react personally — we can live without them."

"UEFA is not looking for a war," he added. "But we want to defend our prestige, our dignity. If FIFA does not respect our point of view, we will leave FIFA."

The AFC's general secretary, Peter Velappan, said in Kuala Lumpur that "the executive committee will be deciding how best we can explain to FIFA how unsatisfactory their decision has been and how we can rectify the situation."

The 44-member AFC, which begins a five-day session in Kuala Lumpur on Saturday, will discuss next Wednesday how to protest the way FIFA made up the committee in October, Velappan said. "This is a unique situation as far as I am aware, but then we are in a unique position."

The controversy stems from the fiery meeting of FIFA's executive committee in New York in October, at which FIFA's president, Joao Havelange, announced the composition of the committees that help run world soccer.

Critics alleged Havelange chose the committee members personally, ignoring the protocol that only officials supported by regional confederations can serve on FIFA committees.

Velappan refused to say which Asian delegates the AFC was protesting about, but it sources say the Kuala Lumpur-based body did not support China's Chen Chengda or the Philippines' Fernando Alvarez.

Both were named by Havelange to sit on FIFA's technical committee. Chen retired from the AFC in May because of old age, and Alvarez no longer resides in Asia.

AFC officials said the protest is likely to come in the form of a strongly-worded letter to Havelange.

The disciplinary committee, meeting on Saturday, will rule on allegations that Syria and Iraq fielded over-age players in the recent Asian under-19 championship in Jakarta.

(A.P., A.P., Reuters)



Andre Agassi, down a break point, was hit with a penalty point for arguing a line call, then a 6-3, 1-6, 6-0 loss.

Larsson and Martin Gain Grand Slam Semifinals

The Associated Press

MUNICH — Magnus Larsson used a big serve for a three-set victory Friday over second-ranked Andre Agassi, who came close to being disqualified from the Compaq Grand Slam Cup for swearing.

Larsson's 6-3, 1-6, 6-0 victory put the 19th-ranked Swede into the semifinals of the \$6 million tournament and earned him at least \$425,000.

His opponent will be Todd Martin, who defeated Sergi Bruguera, the French Open champion, 6-4, 7-6 (7-5).

Agassi received a warning and was penalized a point when he repeated the obscenity, giving Larsson a break and a 3-1 lead in the first set.

"I said it again but he wouldn't default me," Agassi said of the umpire, Mike Morrissey of Britain.

On the next point, Agassi whacked a return that nearly knocked down the umpire's microphone.

"That was very unfortunate, wasn't it?" Agassi said, with more than a trace of sarcasm. He did, however, profusely apologize to Morrissey.

Larsson said he did not hear what Agassi said, "but obviously he said it, the umpire heard it."

"If he gets a warning that easy and the point penalty that easy and then he hits the ball at the umpire, of course, he should be defaulted."

Agassi had trouble not only with his temper. Larsson hit tremendous serves, one timed at 208 kph (129 mph), and had 12 aces.

Slowed by the a lingering cold, Agassi turned the match in the second set but collapsed in the third.

"I didn't have as much energy as I wanted, he controlled most of the points," he said.

"I felt I didn't pull myself together until the second set. I was very, very mad. I was very upset."

The first obscenity was not widely audible, and Agassi said he said it really to himself. What upset him was a call that ruled his first serve out.

"I said it under my breath, very much to myself. I said it again, I got really upset and got a point penalty. Then I said it again, but he wouldn't default me," Agassi said.

After a player is penalized a point for a code of conduct violation, the next breach should cause a default.

"He was very quick to give me a point penalty, but the same thing happened again and he wasn't so quick to default me," Agassi said.

He said that "I didn't want to be defaulted but it's kind of ironic that he will give me a penalty point but not default me."

"I don't think I should swear. My first choice is to be in complete control of myself. But there are times when the frustration level is high."

"I wish I could control myself better all the time. But that is not the reality. The reality is it happens. And because it happens, I don't think there should be as many microphones on the court."



Magnus Larsson added big money to a Davis Cup title.

SIDELINES

Penn State's Collins Wins Top Award

LAKE BUENA VISTA, Florida (AP) — Penn State senior Kerry Collins, who quarterbacked the nation's top scoring offense, has edged Colorado running back Rashaan Salaam for the Maxwell Award as the outstanding U.S. college football player.

Other award winners: Outland Trophy (interior lineman) — Zach Wiegert, Nebraska; Jim Thorpe (defensive back) — Chris Hudson, Colorado; Fred Biletnikoff (receiver) — Bobby Engram, Penn State.

Rich Brooks of Oregon, whose Ducks won their first Pac-10 title and Rose Bowl appearance since 1958, received the coach of the year award.

Quarterback Dan Kendra III of Bethlehem Catholic in Pennsylvania, widely acclaimed as the high school player of the year, announced he will attend Penn State. He had been heavily recruited by Notre Dame, North Carolina, West Virginia, Syracuse, Wisconsin, Florida State and Penn State.

Blatter Decries 'Petty Bickering'

ZURICH (AP) — Praising the atmosphere of the 1994 World Cup as "the Spirit of America," FIFA's secretary general, Sepp Blatter, on Friday criticized players, referees, officials and journalists for "petty bickering" that is hindering soccer.

Writing in an editorial for the monthly FIFA newsletter, Blatter said soccer is being damaged by players who ignore fair play, bad-mannered officials, poor refereeing and biased media reporting.

"The World Cup final competition in the USA was a huge step forward in football and the progress we have achieved should not be undermined by petty bickering about offside, yellow cards and red cards or by inconsistent referees," Blatter wrote.

For the Record

Tottenham Hotspurs' six-point penalty and FA Cup ban, imposed by the FA over alleged financial irregularities, was lifted by the Independent Arbitration Tribunal; a fine of \$2.4 million was let stand.

Han Qing, the women's 400-meter hurdles champion who was one of 11 Chinese athletes to fail drug tests at the Asian Games in Japan, was suspended from competition for four years by the IAAF.

Howard Johnson, who was a teammate of Darryl Strawberry's on the New York Mets, is also being investigated by the IRS for not declaring money made at promotional events.

Tyronne Williams, a former Stanford assistant coach now with the Minnesota Vikings, was picked as the Cardinal's new coach, succeeding Bill Walsh.

Quotable

• Ian Baker-Finch, the professional golfer, on signing a lot of autographs: "I wish my name was Tom Kite."

Street and Lindh Finish 1-2 in Downhill

The Associated Press

LAKE LOUISE, Alberta — Picabo Street and Olympic silver medalist Hilary Lindh gave the United States a 1-2 finish Friday in a women's World Cup downhill.

Street streaked down the 2,639-meter course with a vertical drop of 707 meters in 1 minute, 40.40 seconds for her first World Cup triumph. Lindh, who finished second in the downhill at the 1992 Olympics, was timed in 1:41.16 under sunny skies.

"I can't believe it, I've been waiting a long time for this," said the 23-year-old Street.

The reigning World Cup and Olympic downhill champion,

Katja Seizinger of Germany, finished third in 1:41.33.

Barbara Merlin of Italy was fourth, in 1:41.51, followed by compatriot Bibiana Perez in 1:41.57.

Friday's downhill was the first of two this weekend, a scheduling rarity caused by the warm weather that has forced the cancellation of races in Europe.

The second women's downhill is scheduled for Saturday, with a super-giant slalom on Sunday.

• For the first time in World Cup history, two slalom races will be held in the evening, under floodlights.

Organizers in the Italian Al-

pine resort of Sestriere announced Friday that a men's slalom will be held at 6 P.M.

(1700 GMT) and 8:40 P.M. on Monday. A women's slalom, with the same heat times, is scheduled for Sunday, Dec. 18.

Monday's race makes up for the slalom canceled in Madonna di Campiglio, Italy. The women's slalom was originally scheduled for Veysonnaz, France.

Madonna and Veysonnaz could not hold the slaloms because of a lack of snow.

Sestriere had to give up the men's giant slalom and slalom on Dec. 3-4. But the Italian resort was able to prepare a course for two slaloms as tem-

peratures fell earlier this week, allowing the use of snow cannons.

Italian star Alberto Tomba, who got off to a sensational season start by winning the opening World Cup slalom in Tignes, France, last Sunday, shoots for a second consecutive victory on one of the courses he likes most.

The three-time Olympic champion has won five races in Sestriere, the host site for the World Ski Championships in 1997.

The next men's World Cup races, a Super-G and a giant slalom, are scheduled for Tignes this weekend.

FIA Puts Argentina, Imola and Monza on Hold

The Associated Press

MONACO — The International Automobile Federation said Friday it will conduct a final inspection Jan. 22 to determine whether Argentina can host the opening Formula One Grand Prix race next season.

The race is tentatively scheduled at the Buenos Aires track

on March 12, but the circuit has yet to win FIA approval.

FIA's World Council also said it must receive confirmation of required improvements at Imola for the San Marino Grand Prix and at Monza for the Italian Grand Prix.

The deadline for Imola is Jan. 31, for Monza March 31.

Last spring's race at Imola was marred by the deaths of two drivers, Roland Ratzenberger of Austria and Ayrton Senna of Brazil.

FIA confirmed that the European Grand Prix would be held Oct. 8 at the Nurburgring circuit in Germany. It last staged a Formula One race in 1985.

FIA President Max Mosley also received a report on the first six months' work by a group of safety experts.

Studies commissioned by the group already have led to the development of a new energy-absorbing material for rear head restraints, the report said.

It said work was taking place on neck restraints, airbags, energy-absorbing seats and possible changes to the cockpits of cars.

Tougher safety standards are being adopted for helmets and for the fire-resistance of driver clothing.

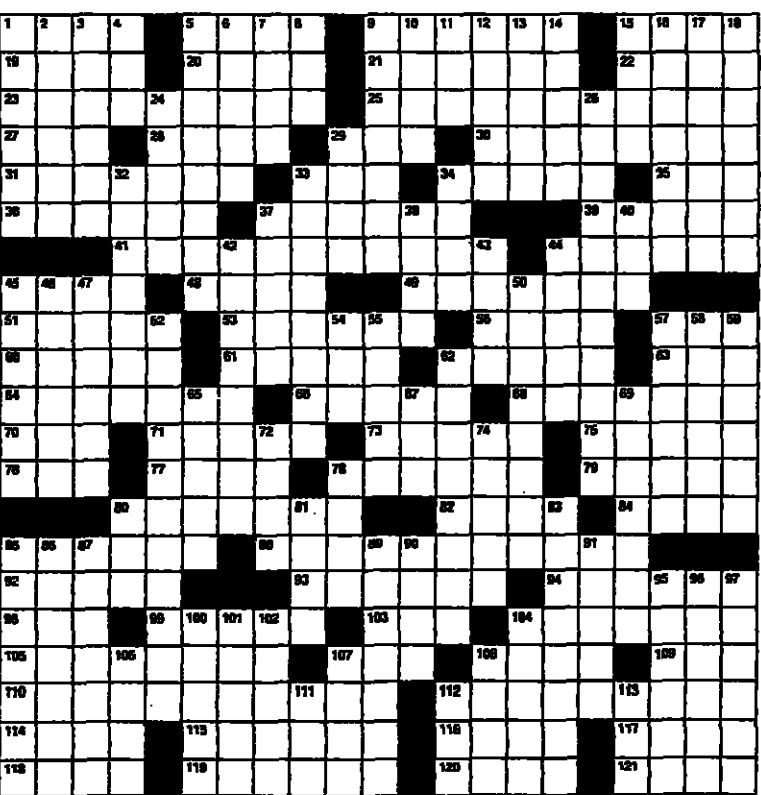
Since the group began its work in June, 11 Grand Prix circuits have been subjected to significant safety improvements, some of them "radical and onerous," FIA said. It said further improvements are planned in 1995.

INTERCOLLEGIATE By Wayne Robert Williams

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 - 31 Boot camp fellow
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 - 35 Gain a lap

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 - 68 Apparition
 - 70 Bakery purchase



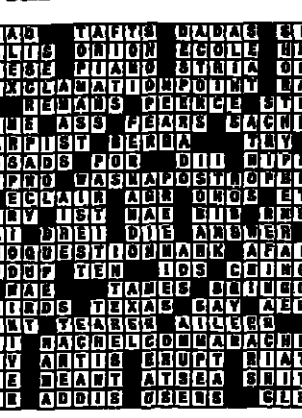
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- 13 Spanish poet
- 14 Provide with income
 - 15 Word fight
 - 16 Consumes
 - 17 Not next
 - 18 Like some suits
 - 24 Microesian land
 - 26 Paul Revere
 - 28 Standard
 - 32 Avenge
 - 33 Hurry-hurry
 - 34 Fringe group
 - 37 Follow
 - 38 Request fervently
 - 40 Oldtime band leader
 - 42 Manhattan flank
 - 43 Manchurian border river
 - 44 Actress
 - 45 Christine
 - 46 "Sonata in B minor" composer
 - 47 Acquired
 - 50 Brilliant

- 52 Solomon's project
- 54 Old hand
 - 55 Coaguable fluid
 - 57 Gunstock wood
 - 58 Stir up
 - 59 Says "No way!"
 - 62 Homer
 - 65 Exclamations like "Phooey!"
 - 67 Proposal of 3/22/72
 - 69 Like some jacks
 - 72 Artist Chagall
 - 74 Country singer
 - 78 Thsi, e.g.
 - 80 — Today
 - 81 "The Wizard of Oz" co-star
 - 83 Ultrasmall photo
 - 85 Gordon and Meredith
 - 86 Board game like reversi
 - 87 Chooses
 - 89 How the Old Woman lived
 - 90 Oodles
 - 91 Words before a drink

- 95 Frit
- 96 Smoker's purchase
 - 97 French palace
 - 100 Confuse
 - 101 Agreements
 - 102 "Aunt" — Cope Book
 - 104 Actress Scacchi
 - 106 Galena and mispel
 - 107 Envelope abbr.
 - 108 Kind of therapy
 - 111 Suffix with serpent
 - 112 Hub's opposite
 - 113 Coalition of 1988: Abbr.

Solution to Puzzle of Dec. 3-4



3 More Yachts Depart BOC Round-the-World Race

The Associated Press

CAPE TOWN — The grueling, round-the-world BOC Challenge yacht race has conquered three more sailors, officials said Friday.

Simone Bianchetti of Italy, competing for the first time in the single-handed race, withdrew after returning to Cape Town for a second time Friday to remedy clock problems aboard his Town of Cervia.

Floyd Romack of the United States, another first-time competitor, was dis-

qualified when he arrived in Cape Town on Thursday from Charleston, South Carolina, after spending 82 days at sea on the first leg of the race. Rules state that competitors must complete a leg within 30 days after the arrival time of the first boat in their class.

Neal Peterson of South Africa lost his mast in roaring winds and huge seas several hundred kilometers south of Port Elizabeth, South Africa, on Tuesday. He was trying to reach safety at Port Elizabeth after erecting a makeshift mast.

Christophe Augin of France still led the pack, with countryman Jean Luc van den Heede and Steve Pettigall of the United States in hot pursuit. JJ Provoyeur of South Africa was fourth.

An earlier casualty was France's Isabelle Antissier, who had won the first leg. Her mast was snapped Dec. 2.

The sailors left Cape Town for Sydney on the second leg of the race on Nov. 27. After Sydney, the 27,000-mile (43,300-kilometer) race continues to Punta del Este, Uruguay, before finishing in Charleston in the spring.

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DAVE BARRY

A Mature Discussion

MIAMI — There's nothing wrong with discussing sex, as long as it's done in a mature and tasteful fashion without resorting to words such as "bazongas." Sex is a normal, healthy biological activity that occurs routinely among organisms in nature, especially monkeys, and there's no reason why we should be ashamed of our sexuality unless we are Senator Bob Packwood. I say this because today's column is going to be a frank and mature discussion of the recent scientific survey of American sexual behavior.

IMPORTANT ADVISORY FROM THE EDITORS: In dealing with this topic, Mr. Barry will be forced to use certain frankly mature sexual phraseology so if you are a remotely moral person such as the extremely Reverend Pat Robertson, you will stop reading this column right here and now. Thank you.

You probably read about the sex survey. Approximately 3,500 randomly selected Americans were asked detailed questions about their sexual behavior, and it turned out that 97 percent of them, within the previous year, had had sex with Madonnas.

No, I'm kidding. It was only 93 percent. But that was not the most surprising finding. The most surprising finding, which I am not making up, was that 54 percent of the men surveyed said they think about sex daily. That's correct: 54 percent.

What can we conclude from this? We can conclude that the other 46 percent of the men were lying. Because it is a known scientific fact that all men think about sex a minimum of all the time.

What about American women? According to the survey, only 19 percent of the women said they think about sex on a

daily basis. So the question is, if the other 81 percent aren't thinking about sex, what ARE they thinking about? I've discussed this question with some guys I know, and the only topic we could come up with is: sports. We figure that when women get together in those so-called "women's groups," they're actually running fantasy football leagues, and the reason they don't invite us guys is they know we'd never remember when it was our turn to bring refreshments.

The sex survey also produced some reassuring findings regarding the frequency with which Americans have sex. You get the impression, from the media, that this nation is just one big orgy; turn on the TV any night, you'll see naked gliding bodies thrusting toward each other (and that's just Dan Rather and Connie Chung). So you probably think that everybody else is more sexually active than you are. But the reassuring truth, according to the survey, is that some people are actually having LESS sex than you: Their names are Bud and Earlene Fibberhooker, and they are currently in full-body casts as a result of a trapeze-related mishap at a motel. Everybody else is having WAY more sex than you. And I include you spouse in that statement.

NOTE FROM THE PUBLISHER: Here at this newspaper we are dedicated to maintaining community standards as measured in gross advertising revenues, so if you were in any way offended by the frankness and maturity of this column, please send me a letter in writing, and I will send you, as a formal token of apology, a videotape titled "Mr. Chuckletrousers Has a Big Night."

And Reverend Robertson, yours is already on the way.

Knight-Ridder Newspapers

Jean Hugo: Fashionable Painter, Famous Name

PARIS — Even late in life, Jean Hugo spotted "entrecôte Victor Hugo" on a menu in Nancy. Before that, and after, there were commemorations (in 1952 he celebrated the 150th anniversary of Victor Hugo's birth at the Hammer and Sickle Factory in Moscow) and windy quotations which he was too courteous to correct when, as often happened,

MARY BLUME

they were wrong. And there were Jean Hugo's own memories of growing up in a shrine, his great-grandfather's house in Guernsey.

There was also Verdun. The mark of the Great War can be seen in the fact that Jean Hugo begins his memoirs in 1914, when he was 20, but neglects to say that he was awarded the Croix de Guerre, the Légion d'Honneur and the Distinguished Service Cross. (The memoirs, "Le Regard de la mémoire," and his "Carnets," have just been reissued by Actes Sud.) From being a member of what was then called "les conquérants épuisés" or exhausted victors, he became, like many of those who had survived, an eager participant in the elegant jollies of the 1920s and '30s, tall, charming, with the profile of a benign eagle. He cherished his great-grandfather's memory but was the first descendant to free himself of its burden, becoming a fashionable painter and designer in between-the-wars Paris.

"Papa was the first one not to live in Victor Hugo's shadow," says his daughter Marie, also a painter. "Grandpapa tried to write and everyone said how dare he? He tried to paint and everyone said how dare he?"

In commemoration of Jean Hugo's centenary, an exhibition of his bright and limber paintings and drawings is on at the usually somber Victor Hugo museum in Paris, along with a show of World War I drawings at Blérancourt outside Paris. His first major retrospective will be held this June at Montpelier, near the Mas des Fourques, the estate that Jean Hugo inherited from his mother's family, who had owned it since the time of Louis XV.

There were always peacocks at Fourques but Jean Hugo preferred to draw the chickens or to imagine unicorns and centaurs. He liked to say that he sought the reflection of the light of paradise in his bright and simple landscapes which Cyril Connolly described as "exquisite devotional lyrics to God and to nature" and which the American art historian Richard J. Wattenmaker says reflected Hugo's ideal 13th century, "an age of piety, contemplation and undistracted manual labor."

Picasso warned Hugo that he wasn't attending sufficiently to his glory, but Marie Hugo says he was a tranquil and joyous man who put his whole heart into everything he did — painted plates, a view called "Mummers on the Green" for a Shakespeare exhibition in England, illustrations of countries he had never seen.

He painted landscapes on pebbles picked up on the Costa Brava and he decorated his second wife's cardboard pillboxes because he found them ugly. "He also painted empty loo-paper rolls and made them into pencil holders," Marie said.

He never studied painting but enjoyed a quiet vogue, bought by such eminent American collectors as Chester Dale, Robert Lehmann and Alfred Barnes, who told Hugo in 1931 that he had hung him above a Veronese. By the time Wattenmaker, now the leading Hugo expert and the director of the Smithsonian's Archives of American Art, came on Hugo in the Barnes collection as a student in 1959, there were 11 Hugos hanging next to Matisse, Rousseau and Cézanne.

Still, the most immediately appealing work is Hugo's set and costume designs, evocative of a period when frivolity — which has been described as play at its most evolved — reigned in Paris, reaching its most refined expression in the costume balls which Jean Hugo and his first wife, Valentine, attended and designed.

Hugo met Valentine Gross, a swan-necked designer and ornament of *le tout Paris*, while on leave in 1917. Her dining room walls were tar-papered and she had rattan chairs covered in stars and stripes cut from an American flag. Her friends included Diaghi-



Jean Hugo's costume design for "La Belle Excentrique" (1921).

lev, Cocteau, Stravinsky, Poulenc and Proust who actually broke off a conversation with a duke to chat briefly with her at a party. Jean and Valentine were married in 1919, with Cocteau and Satie as her witnesses.

Jean Hugo was modest about his gifts as a theater designer — he recalled that he neglected to get the proportions of a billiard table right for a play by Radiguet and later for

Carl Dreyer's film, "The Passion of Joan of Arc," he designed chairs that wouldn't stand — but he designed Cocteau's "Les Mariés de la Tour Eiffel" and a highly praised "Romeo and Juliet" for which the costumes were hand-painted by Valentine.

And then there were the costume balls, most of them given by Count Etienne de Beaumont, which required even more work than a theatrical pro-

duction and eternalized, in so far as it was possible, the ephemeral. Guests rehearsed endlessly and made entrances to *cubades* specially composed by Auric or Poulenc. Marie-Laure de Noailles had a pair of greyhounds sent from England for one ball and at the 1922 Bal des Jeux, which Valentine attended as a merry-go-round and Jean as a game of billiards, he noted, "We missed Princess Soutzo as a Christmas tree but were able to watch the entrances of Chess, Dominos, Hopscotch and Marionettes."

For the Beaumonts' Bal de la Mer Jean, in a waiter's outfit: borrowed from Proust's, helped bear the tray on which reposed the Maharani of Kapurthala as Caviar. He had had too much to drink and nearly dropped her. "In India he would have been put to death at once," the majorajah observed from the sidelines.

Jean and Valentine led brilliant but separate and childless lives. She was drawn to Surrealism, he to Catholicism (talking to Carmel Snow of Harper's Bazaar about a commission he kept thinking of Mount Carmel). He was baptized by the most fashionable priest in Paris, Abbé Mugnier, and withdrew definitively to the Mas des Fourques.

Divorced, in 1948 he married Lauretta Hope-Nicholson and they rapidly had seven children. He went to Mass daily and read the bible in Latin, Hebrew and Greek. He abandoned costume and theatrical design to concentrate on painting, serene and sweet-natured in his polka dot shirts, dark ties and three-piece tweed Savile Row suits. He used a monocle because he said it was less fiddly than searching for his spectacles and a quill pen because he said it produced handsomer writing.

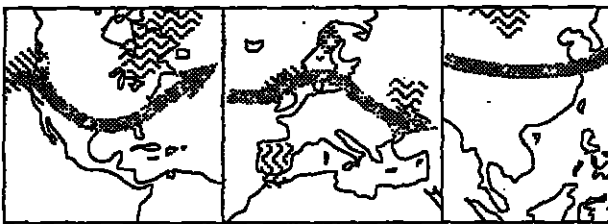
In 1982, he noted that to his weakened eyes the Christmas moon was a triple crescent. The fanciful creatures of his earlier landscapes deserted him: "No more unicorns, no more centaurs. . . . I must find something else." In May 1984, Hugo, who was fascinated by words, wrote that he had been diagnosed as having "tumeur périphérique" like the new boulevard in Paris. The next month, aged 90, he was dead.

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe

City	Today	High	Low	Wind	Temp	Humidity	Clouds	Precip.
Algeria	18/16	12/13	5/11	11/12	5/11	5		
Amsterdam	9/4	5/11	1/12	5/11	1/12	5		
Ankara	6/3	1/3	0/1	7/4	4/4	5		
Athens	14/12	8/16	8/16	15/15	12/13	5		
Berlin	17/12	9/16	8/16	15/15	12/13	5		
Birmingham	6/13	1/11	0/1	7/4	4/4	5		
Bombay	32/25	25/25	25/25	25/25	25/25	5		
Buenos Aires	10/10	8/10	8/10	10/10	8/10	5		
Budapest	7/14	1/14	0/1	4/10	4/10	5		
Cairo	5/11	4/11	4/11	5/11	4/11	5		
Canton	18/16	12/13	5/11	11/12	5/11	5		
Chongqing	12/13	8/16	8/16	15/15	12/13	5		
Columbus	12/13	8/16	8/16	15/15	12/13	5		
Dublin	11/12	5/11	1/12	5/11	1/12	5		
Edinburgh	11/12	5/11	1/12	5/11	1/12	5		
Hankow	18/16	12/13	5/11	11/12	5/11	5		
Hong Kong	27/20	15/19	8/16	22/21	16/16	5		
Kobe	18/16	12/13	5/11	11/12	5/11	5		
London	18/16	12/13	5/11	11/12	5/11	5		
Lyons	18/16	12/13	5/11	11/12	5/11	5		
Madrid	13/15	7/14	0/1	4/10	4/10	5		
Moscow	7/4	3/12	0/1	10/10	8/10	5		
Munich	18/16	12/13	5/11	11/12	5/11	5		
Nairobi	18/16	12/13	5/11	11/12	5/11	5		
Paris	18/16	12/13	5/11	11/12	5/11	5		
Peking	18/16	12/13	5/11	11/12	5/11	5		
Rangoon	32/25	25/25	25/25	25/25	25/25	5		
Rome	18/16	12/13	5/11	11/12	5/11	5		
San Francisco	18/16	12/13	5/11	11/12	5/11	5		
Shanghai	18/16	12/13	5/11	11/12	5/11	5		
Singapore	32/25	25/25	25/25	25/25	25/25	5		
Taipei	18/16	12/13	5/11	11/12	5/11	5		
Tokyo	18/16	12/13	5/11	11/12	5/11	5		
Yokohama	18/16	12/13	5/11	11/12	5/11	5		



City	Today	High	Low	Wind	Temp	Humidity	Clouds	Precip.
Algeria	18/16	12/13	5/11	11/12	5/11	5		
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Ankara	6/3	1/3	0/1	7/4	4/4	5		
Athens	14/12	8/16	8/16	15/15	12/13	5		
Berlin	17/12	9/16	8/16	15/15	12/13	5		
Birmingham	6/13	1/11	0/1	7/4	4/4	5		
Bombay	32/25	25/25	25/25	25/25	25/25	5		
Buenos Aires	10/10	8/10	8/10	10/10	8/10	5		
Budapest	7/14	1/14	0/1	4/10	4/10	5		
Cairo	5/11	4/11	4/11	5/11	4/11	5		
Canton	18/16	12/13	5/11	11/12	5/11	5		
Chongqing	12/13	8/16	8/16	15/15	12/13	5		
Columbus	12/13	8/16	8/16	15/15	12/13	5		
Dublin	11/12	5/11	1/12	5/11	1/12	5		
Edinburgh	11/12	5/11	1/12	5/11	1/12	5		
Hankow	18/16	12/13	5/11	11/12	5/11	5		
Hong Kong	27/20	15/19	8/16	22/21	16/16	5		
Kobe	18/16	12/13	5/11	11/12	5/11	5		
London	18/16	12/13	5/11	11/12	5/11	5		
Lyons	18/16	12/13	5/11	11/12	5/11	5		
Madrid	13/15	7/14	0/1	4/10	4/10	5		
Moscow	7/4	3/12	0/1	10/10	8/10	5		
Munich	18/16	12/13	5/11	11/12	5/11	5		
Nairobi	18/16	12/13	5/11	11/12	5/11	5		
Paris	18/16	12/13	5/11	11/12	5/11	5		
Peking	18/16	12/13	5/11	11/12	5/11	5		
Rangoon	32/25	25/25	25/25	25/25	25/25	5		
Rome	18/16	12/13	5/11	11/12	5/11	5		
San Francisco	18/16	12/13	5/11	11/12	5/11	5		
Shanghai	18/16	12/13	5/11	11/12	5/11	5		
Singapore	32/25	25/25	25/25	25/25	25/25	5		
Taipei	18/16	12/13	5/11	11/12	5/11	5		
Tokyo	18/16	12/13	5/11	11/12	5/11	5		
Yokohama	18/16	12/13	5/11	11/12	5/11	5		

Asia

City	Today	High	Low	Wind	Temp	Humidity	Clouds	Precip.
Algeria	18/16	12/13	5/11	11/12	5/11	5		
Amsterdam	9/4	5/11	1/12	5/11	1/12	5		
Ankara	6/3	1/3	0/1	7/4	4/4	5		
Athens	14/12	8/16	8/16	15/15	12/13	5		
Berlin	17/12	9/16	8/16	15/15	12/13	5		
Birmingham	6/13	1/11	0/1	7/4	4/4	5		
Bombay	32/25	25/25	25/25	25/25	25/25	5		
Buenos Aires	10/10	8/10	8/10	10/10	8/10	5		
Budapest	7/14	1/14	0/1	4/10	4/10	5		
Cairo	5/11	4/11	4/11	5/11	4/11	5		
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Dublin	11/12	5/11	1/12	5/11	1/12	5		
Edinburgh	11/12	5/11	1/12	5/11	1/12	5		
Hankow	18/16	12/13	5/11	11/12	5/11	5		
Hong Kong	27/20	15/19	8/16	22/21	16/16	5		
Kobe	18/16	12/13	5/11	11/12	5/11	5		
London	18/16	12/13	5/11	11/12	5/11	5		
Lyons	18/16	12/13	5/11	11/12	5/11	5		
Madrid	13/15	7/14	0/1	4/10	4/10	5		
Moscow	7/4	3/12	0/1	10/10	8/10	5		
Munich	18/16	12/13	5/11	11/12	5/11	5		
Nairobi	18/16	12/13	5/11	11/12	5/11	5		
Paris	18/16	12/13	5/11	11/12	5/11	5		
Peking	18/16	12/13	5/11	11/12	5/11	5		
Rangoon	32/25	25/25	25/25	25/25	25/25	5		
Rome	18/16	12/13	5/11	11/12	5/11	5		
San Francisco	18/16	12/13	5/11	11/12	5/11	5		
Shanghai	18/16	12/13	5/11	11/12	5/11	5		
Singapore	32/25	25/25	25/25	25/25	25/25	5		
Taipei	18/16	12/13	5/11	11/12	5/11	5		
Tokyo	18/16	12/13	5/11	11/12	5/11	5		
Yokohama	18/16	12/13	5/11	11/12	5/11	5		

Africa

Sakie was expected to bring a modern style to Japan's conservative household but so far Crown Prince Akihito has been a traditionalist who turned 31 on Oct. 1. He is expected to marry the daughter of a palace official, thus continuing the tradition of marrying the best to the throne. Prince Naruhito last year, the 27-year-old prince, was expected to demure traditionalism. She celebrated her birthday by lunching with Prince Akihito, the palace said, and refusing any birthday interviews.

□

James Brown, 61, the Godfather of Soul, is facing the law again on charges of beating his wife. Brown turned 61 on Oct. 1. He was arrested by the police in Alhambra, South Carolina, on an arrest warrant was issued by a judge after a complaint was filed with shoving his wife, Adrienne, and making an argument. The police said she was cut on her lip when she fell. Brown was released after paying a cash bond of \$10,000. He is charged with misdemeanor domestic violence, punishable by a maximum fine of \$5,000 and 30 days in prison. Brown is on probation for aggravated assault, which he was charged with in 1987, failing to stop for a police officer.